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LIVESTOCK AND MEAT Situation

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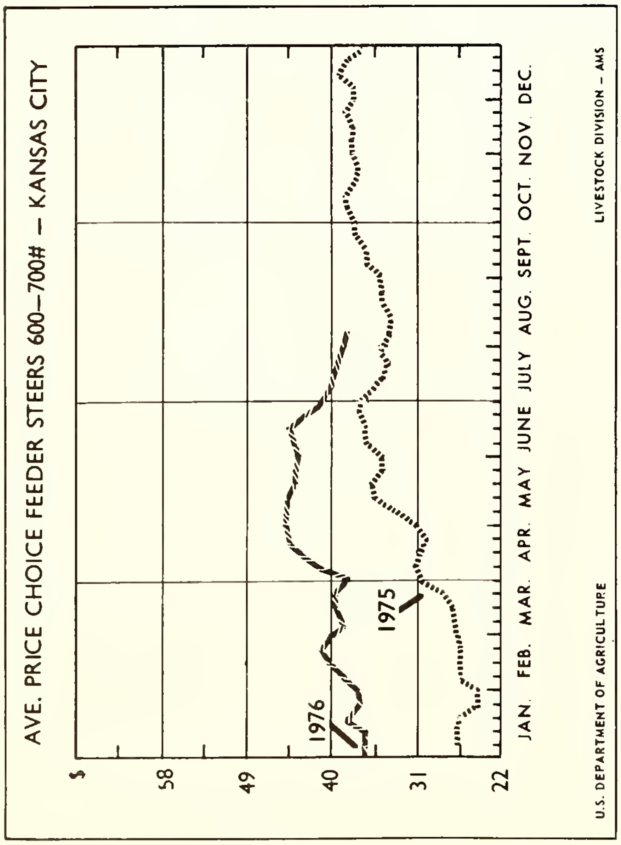
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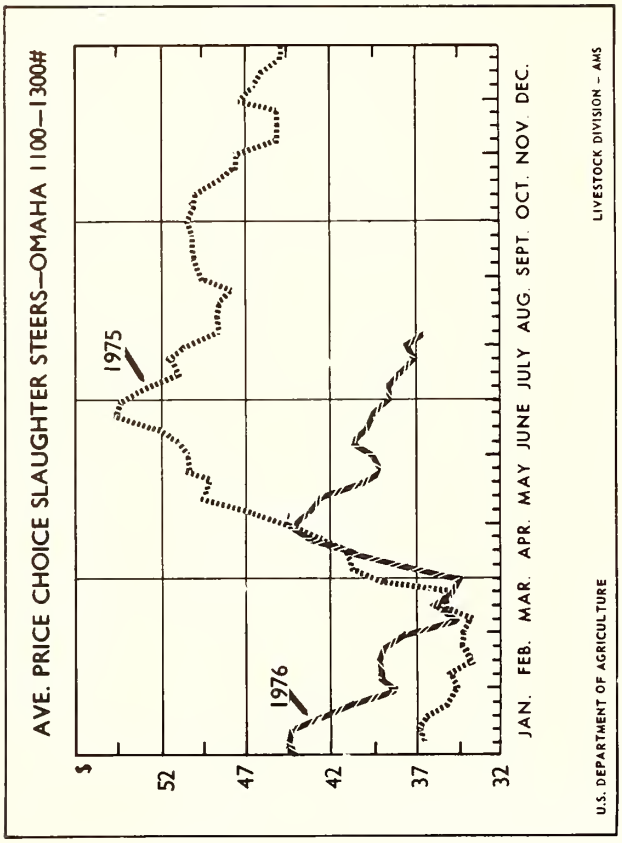
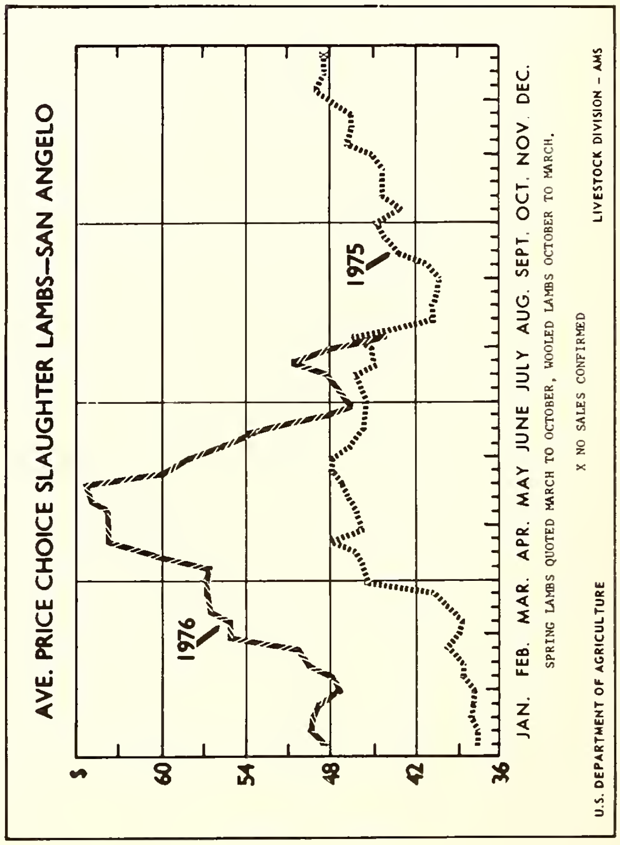

AVE. PRICE CHOICE SLAUGHTER STEERS–OMAHA 1100–1300#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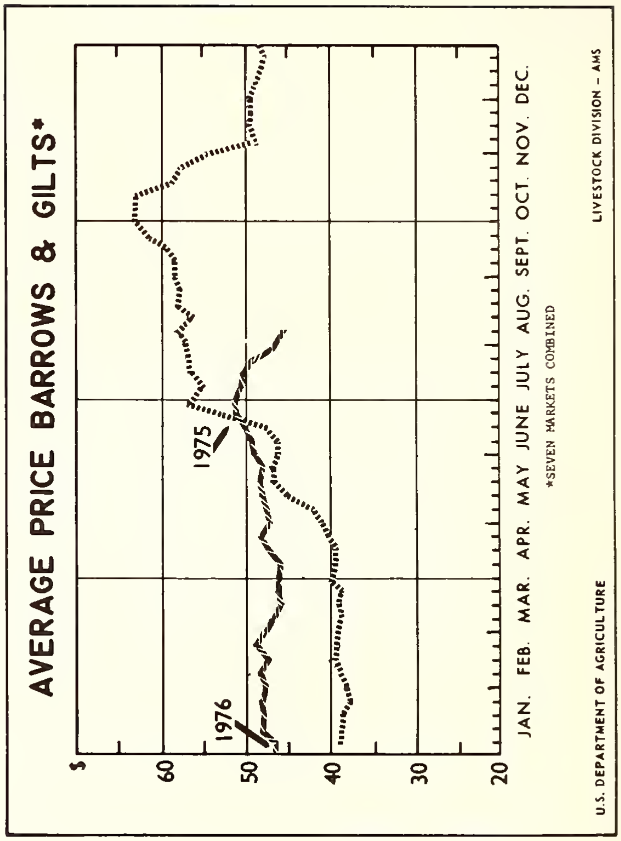
AVERAGE PRICE BARROWS & GILTS*

*SEVEN MARKETS COMBINED

LIVESTOCK AND MEAT SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
Aug. 3, 1976

Written by
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• • •

The *Livestock and Meat Situation* is published in February, April, June, August, October and December.

SUMMARY

The downswing in inventories during the current cattle cycle may be the largest since the mid-1920's. After 2½ years of financial losses, cattlemen are sharply reducing breeding stock inventories. The midyear count of cattle and calves on farms was 133½ million head, a decline of 6½ million from a year ago. The 1976 calf crop is now estimated to be 47 million head, the smallest since 1971. These reductions will limit potential increases in beef production in 1977 and over the next few years.

The optimism cattle feeders had in early 1976 for a midyear recovery in fed cattle prices quickly faded as seasonal reductions in cattle slaughter last spring failed to produce significant price gains. Most cattle feeders have been operating in the red again this year. Fed cattle prices during the first half of 1976 averaged near $40 per 100 pounds, the lowest first half level since 1972. Because of record first half cow slaughter and a 17-percent increase in fed cattle slaughter, first half beef production was 10 percent larger than a year earlier. This kept considerable downward pressure on fed cattle prices.

Beef production this summer will be larger than earlier expected. Increased supplies of overfinished fed cattle have raised beef tonnage. After several months of losses, cattle feeders are cutting back on demand for feeder cattle, lowering feeder cattle prices and encouraging additional culling of the cow herd. Nonfed cattle slaughter is also increasing this summer due to high feed grain prices and uncertainty about forage feed supplies. This is contributing to the delay in advances in fed cattle prices.

However, even with these recent developments the total number of cattle slaughtered this summer may be no larger than a year ago and some reduction in slaughter may be in prospect for the fall. July cattle on feed inventories by weight groups suggest fed beef supplies may be trending lower with fourth quarter marketings the smallest of the year. Cow slaughter likely will continue to increase seasonally through the fall, but isn't likely to approach record year-earlier levels. Under these supply conditions, some improvement in the fed

cattle market is likely by late summer and early fall with fed cattle prices advancing perhaps into the mid $40's.

This year's cattle and calf slaughter rates are likely to be large enough to reduce the January 1, 1977, cattle inventory by another 5 to 7 million head from 1976's lower level. The estimated 10-million-head reduction in cattle inventories in prospect during 1975 and 1976 may point to a modest reduction in cattle slaughter for 1977 as expected increases in fed beef supplies fail to offset reduced slaughter of nonfed cattle.

Pork production is now on the upturn following a sharply restricted supply for the past year and a half. Responding to unusually favorable returns in 1975, hog producers expanded this year's spring pig crop by 16 percent from a year ago. The initial turnaround in farrowings which began last winter is now beginning to raise pork production above year-earlier levels and continued increases are likely through mid-1977.

Market hog inventories by weight group on June 1 point to increases of around 15 percent in third and fourth quarter hog slaughter compared with a year earlier. However, these increases are from the low point of the production cycle. Third quarter slaughter may only total near the first quarter level and seasonal increases of 10-12 percent during October-December would still hold hog slaughter moderately below the fall of 1974. Increased slaughter rates during the second half of 1976 are expected to more than offset first half declines, raising total slaughter this year 3 to 5 percent over 1975's 20-year low.

After a remarkably stable hog market since the fall of 1975, hog prices turned lower in late July as weekly slaughter rates began to pick up again. Barrows and gilts at seven markets reached seasonal peak prices near $51 per 100 pounds in late June before slipping into the mid $40's by the end of July. Prices will continue under downward pressure for the balance of the year and may slip into the upper $30's at times this fall as slaughter continues to rise.

Hog slaughter during the first half of 1977 will be drawn primarily from this fall's pig crop which producers indicate will be up 18 percent. If reported farrowing intentions are met, first half 1977 hog slaughter likely would be up more than 15 percent from the first half of this year.

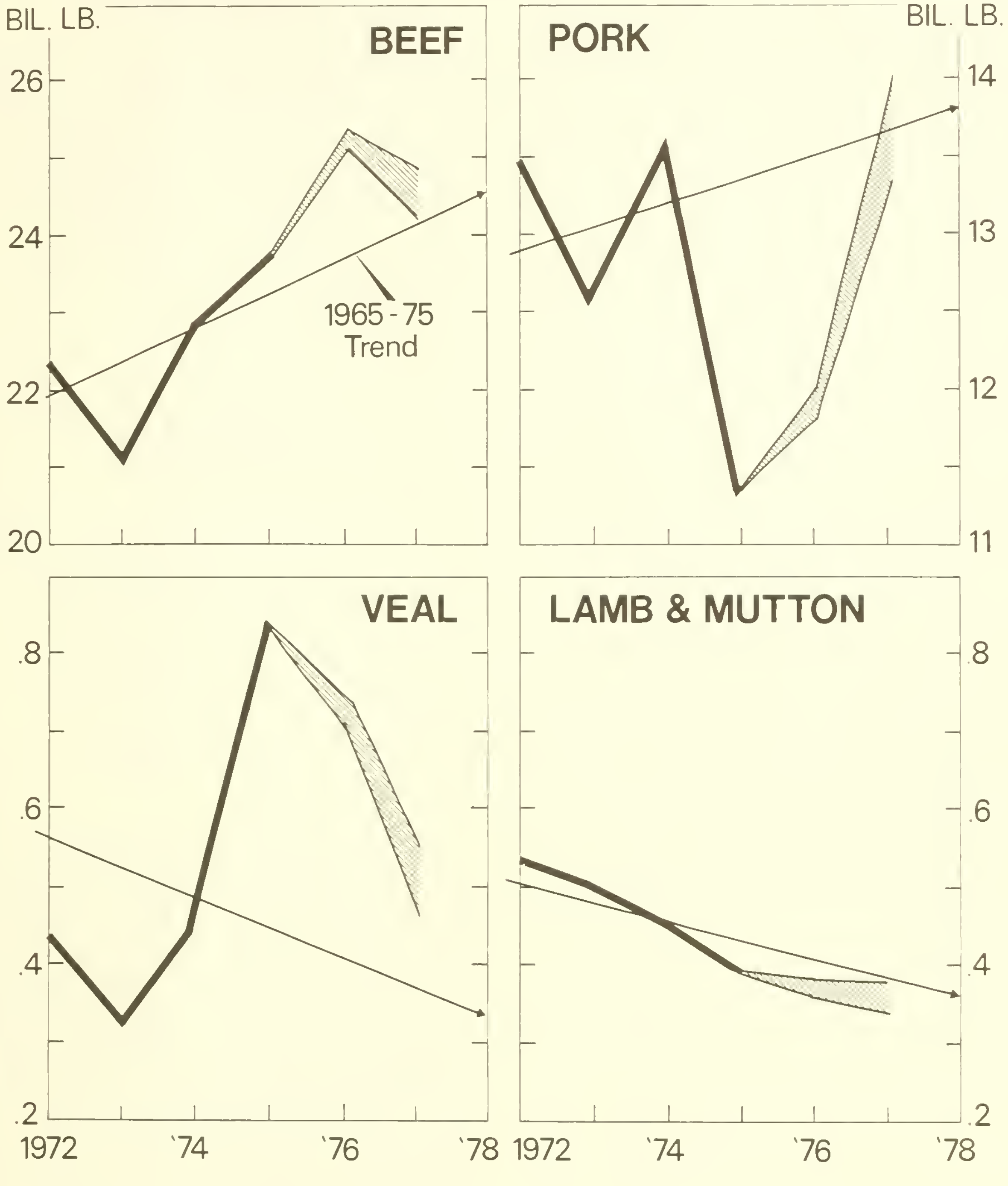
SITUATION AND OUTLOOK

Commercial Meat Production and Livestock Prices

	1975				1976				1977[1]	
	I	II	III	IV	I	II	III[1]	IV[1]	I	II
Production:										
Beef (mil. lb.)	5,842	5,593	5,942	6,296	6,491	6,143	6,400	6,200	6,000	
% Δ year earlier	+8	-1	+3	+5	+11	+10	+8	-2	-8	
% Δ previous qtr ...	-3	-4	+6	+6	+3	-5	+4	-3	-3	
Pork (mil. lb.)	3,044	2,923	2,512	2,835	2,895	2,782	2,900	3,300	3,400	
% Δ year earlier	-10	-17	-23	-17	-5	-5	+15	+16	+17	
% Δ previous qtr ...	-11	-4	-14	+13	+2	-4	+4	+14	+3	
Lamb and Mutton (mil. lb.)	101	96	104	98	95	81	95	95	90	
% Δ year earlier	-15	-12	-12	-9	-6	-16	-9	-3	-5	
% Δ previous qtr ...	-6	-5	+8	-6	-3	-15	+17	0	-5	
Veal (mil. lb.)	166	182	232	247	206	178	200	140	140	
% Δ year earlier	+100	+117	+92	+60	+24	-2	-14	-43	-32	
% Δ previous qtr ...	+8	+10	+27	+7	-17	-14	+12	-30	0	
Total Red Meat (Mil lb.)	9,153	8,794	8,790	9,476	9,687	9,184	9,595	9,735	9,630	
% Δ year earlier	+2	-6	-5	-2	+6	+4	+9	+3	-1	
% Δ previous qtr ...	-6	-4	0	+8	+2	-5	+4	+1	-1	
Prices $/cwt:										
Choice steers, Omaha 900-1100 lb.	35.72	48.03	48.64	46.05	38.71	41.42	39-41	43-45	44-46	
Barrows & gilts, 7 mkts	39.35	46.11	58.83	52.20	47.99	49.19	44-46	40-42	37-39	
Slaughter lambs, 5 mkts	40.28	46.89	42.51	45.03	49.35	56.66	45-47	44-46	45-47	

[1] Forecast.

COMMERCIAL MEAT PRODUCTION



USDA

ECONOMIC RESEARCH SERVICE

CATTLE

Earlier optimism of cattle feeders for a midyear recovery in the fed cattle market faded as seasonal reductions in cattle slaughter this spring and early summer failed to produce significant price gains. Most cattle feeders have been operating in the red since January and the profit picture for the balance of 1976 is not promising. Beef production this summer will be larger than earlier expected, holding down fed cattle prices, while earlier increases in fed and feeder cattle prices raise breakeven costs.

However, the basis for earlier optimism of longer-term price improvement continues. After several years of increases in the total cattle herd, the herd turned down last year and further significant declines are taking place in 1976. The 1976 calf crop is now estimated to be the smallest since 1971. This will limit potential increases in the beef supply for 1977 and over the next few years.

Recent Developments

Commercial cattle slaughter during the first half of 1976 totaled a record 21.1 million head—a gain of 9 percent from a year earlier. Increases in average slaughter weights have pushed beef production up 10 percent, keeping heavy downward pressure on the fed cattle market.

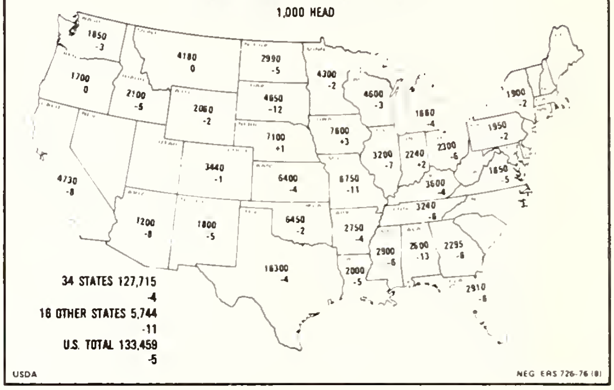
Commercial Cattle Slaughter by Class

Year and quarter	Steers & heifers		Cows	Bulls and Stags
	Fed	Nonfed		
	Percent of Total			
1973				
I	78.2	1.7	18.3	1.8
II	79.3	1.1	17.6	2.0
III	76.0	2.5	19.2	2.3
IV	74.1	4.9	19.0	2.0
Year	76.9	2.6	18.5	2.0
1974				
I	71.7	6.6	19.8	1.9
II	72.9	9.3	15.8	2.0
III	60.7	16.3	20.4	2.6
IV	56.1	16.7	24.9	2.3
Year	64.9	12.5	20.4	2.2
1975				
I	58.5	16.5	22.9	2.1
II	54.4	17.4	25.3	2.9
III	49.2	18.1	29.6	3.0
IV	46.2	16.9	34.2	2.7
Year	51.8	17.2	28.2	2.7
1976				
I	60.1	12.5	25.2	2.2
II	60.5	14.1	22.9	2.5
III				
IV				
Year				

CATTLE INVENTORY, JULY 1, 1976

Percent Change From Previous Year

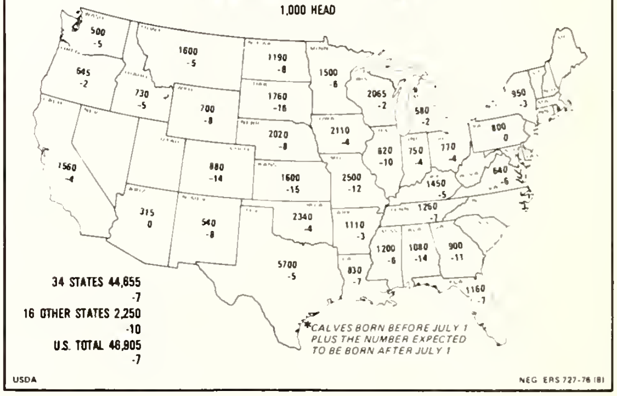
1,000 HEAD



CALF CROP, JULY 1, 1976 *

Percent Change From Previous Year

1,000 HEAD



*CALVES BORN BEFORE JULY 1 PLUS THE NUMBER EXPECTED TO BE BORN AFTER JULY 1

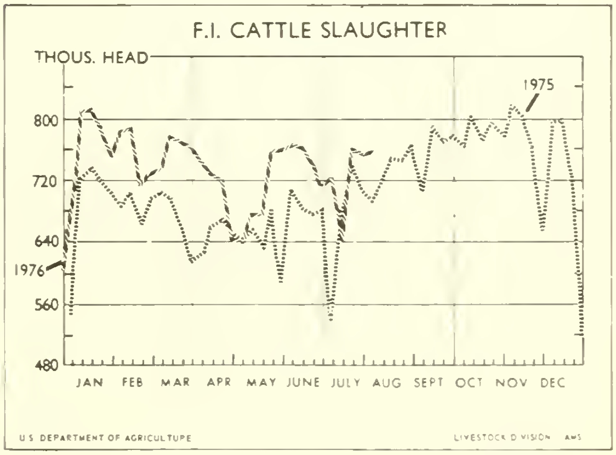
Following the substantial increase in placements of cattle on feed during the last half of 1975 and early 1976, fed cattle slaughter so far this year has been up about a sixth from the same period in 1975, totaling 12.7 million head. While the largest in 2 years, first half fed beef supplies remained somewhat below 1972 record levels. Coinciding with sharp increases in fed cattle marketings was a record first half cow slaughter. Although declining seasonally through the spring, January-June commercial cow slaughter is estimated to have been about 5.1 million head, nearly a tenth more than a year earlier and about two-thirds higher than 1971-74 levels. However, first half slaughter of nonfed steers and heifers was reduced about 14 percent from last year, reflecting relatively favorable pasture conditions and last year's smaller calf crop, higher calf slaughter, and increased feedlot demand for replacement cattle during the winter and early spring.

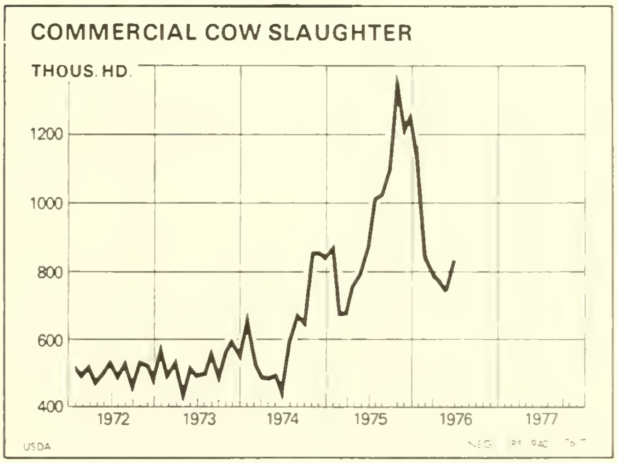
Federally inspected cattle slaughter,

Week ended 1976[1]	Cattle		Steers		Cows	
	1975	1976	1975	1976	1975	1976
	Thou.	*Thou.*	*Thou.*	*Thou.*	*Thou.*	*Thou.*
Jan. 10	730	818	350	313	190	251
17	740	837	366	328	175	253
24	723	795	353	327	182	225
31	707	755	351	301	165	222
Feb. 7	692	788	355	336	147	210
14	706	795	355	343	164	189
21	668	717	334	308	152	184
28	700	730	363	318	141	178
Mar. 6	712	742	356	330	159	166
13	702	778	373	362	143	154
20	662	775	330	356	149	168
27	611	765	319	356	134	159
Apr. 3	631	751	314	358	143	146
Apr. 10	662	732	328	331	155	157
17	674	725	337	334	158	157
24	654	644	320	282	160	155
May 1	649	644	320	275	154	168
May 8	661	687	325	315	157	157
15	638	735	296	345	171	163
22	680	765	323	353	175	179
29	592	766	280	354	150	172
June 5	716	672	342	314	175	143
12	686	762	307	354	186	180
19	680	727	295	345	194	169
26	686	711	302	321	195	173
July 3	552	727	250	351	154	165
July 10	682	644	299	310	201	141
17	739	767	317	353	225	196
24	710	756	297		208	
31	695	759	293		206	
Aug. 7	721		305		212	
14	744		315		220	
21	750		307		220	
28	768		312		223	
Sept. 4	671		275		185	
11	794		313		226	
18	779		298		238	
25	783		294		249	
Oct. 2	768		273		254	
Oct. 9	810		294		262	
16	774		284		257	
23	802		284		270	
30	785		283		268	
Nov. 6	821		291		282	
13	805		289		275	
20	766		275		280	
27	650		248		221	
Dec. 4	802		286		290	
11	808		288		292	
18	725		266		260	
25	517		212		159	
Jan. 1	606		250		180	

[1] Corresponding date: January 11, 1975.

Under pressure from record total beef supplies and the abrupt increase in the production of fed beef earlier this year, fed cattle prices through mid-year only averaged near $40 per 100 pounds, $1-$2 below a year ago and the lowest first half level since 1972. A 5-percent seasonal reduction in the total beef supply had been expected to produce a stronger fed cattle market through the spring months even though second quarter beef demand is usually the weakest of the year. Record first half broiler production may have provided more competition for beef but overall beef demand this year still appears to be quite strong as evidenced by record first and second quarter consumer beef expenditures. So far this year, consumers have purchased 10 percent more beef even though retail prices have averaged above a year earlier. However, weakening farm and retail beef prices since April may indicate some difficulty in moving record beef supplies through retail outlets.

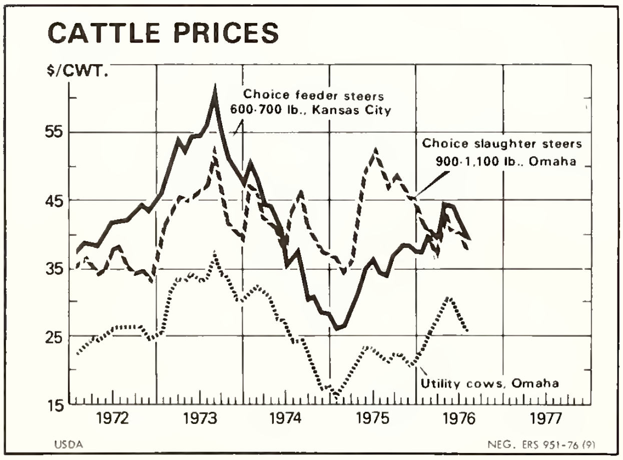




Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs.			Choice feeder steer calves[1]		
	1974	1975	1976	1974	1975	1976
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	50.58	26.45	37.46	54.66	25.55	37.47
Feb.	47.95	26.96	40.42	54.45	26.29	41.40
Mar.	44.81	28.75	39.69	54.02	29.14	44.01
Apr.	44.15	31.69	44.62	50.30	31.45	47.01
May	40.14	35.50	44.21	45.48	34.66	47.58
June	35.10	36.81	42.83	39.96	35.82	44.81
July	36.72	34.70	39.18	37.72	32.58	40.64
Aug.	36.70	34.34		36.84	31.70	
Sept.	30.49	37.59		32.40	35.15	
Oct.	30.94	38.09		30.47	36.04	
Nov.	28.71	38.26		27.31	36.26	
Dec.	28.27	37.83		26.54	35.94	
Av.	37.88	33.91		40.84	32.55	

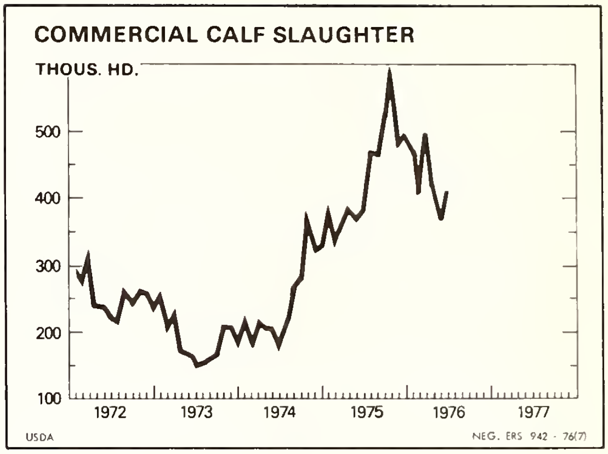
[1] 400-500 lb.



Choice steer prices per 100 pounds, Omaha[1]

Month	1971	1972	1973	1974	1975	1976
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
January	29.10	35.63	40.65	47.14	36.34	41.18
February ...	32.18	36.32	43.54	46.38	34.74	38.80
March	31.89	35.17	45.65	42.85	36.08	36.14
April	32.41	34.52	45.03	41.53	42.80	43.12
May	32.86	35.70	45.74	40.52	49.48	40.62
June	32.35	37.91	46.76	37.98	51.82	40.52
July	32.44	38.38	47.66	43.72	50.21	37.92
August	33.10	35.70	52.94	46.62	46.80	
September ..	32.58	34.69	45.12	41.38	48.91	
October	32.22	34.92	41.92	39.64	47.90	
November ...	33.30	33.59	40.14	37.72	45.23	
December ...	34.28	36.85	39.36	37.20	45.01	
Average	32.39	35.78	44.54	41.89	44.61	

[1] 900-1,100 lb.



Veal Supplies and Prices

	Commercial				Prices		
	Slaughter	Av. dr. wt.	Production	Per capita[1]	Retail	Choice vealers So. St. Paul	Farm
	1,000 head	*lb.*	*Mil. lb.*	*lb.*	*Cents per lb.*	*$ cwt*	*$ cwt*
1971							
I ...	1,006	132	133	.7	129.6	42.94	34.90
II ...	883	146	129	.6	133.8	46.55	35.67
III ..	889	146	130	.7	139.1	47.11	35.93
IV ..	911	136	124	.7	140.6	48.60	37.70
Year ..	3,689	140	516	2.7	135.8	46.30	36.40
1972							
I ...	885	133	118	.6	147.0	51.07	40.90
II ...	699	149	104	.5	152.3	55.57	42.80
III ..	718	146	105	.5	157.1	57.65	45.23
IV ..	751	136	102	.6	159.2	56.02	46.83
Year ..	3,053	141	429	2.2	153.9	55.09	44.70
1973							
I ...	685	140	96	.5	169.4	63.00	53.63
II ...	489	155	76	.4	181.0	63.43	58.00
III ..	475	154	73	.4	186.8	67.68	62.87
IV ..	600	133	80	.5	189.5	62.21	53.53
Year ..	2,249	145	325	1.8	181.7	64.08	56.60
1974							
I ...	614	135	83	.5	197.3	63.17	52.33
II ...	585	144	84	.4	193.9	54.38	42.50
III ..	762	159	121	.6	194.4	43.96	33.47
IV ..	1,026	150	154	.8	190.7	37.02	26.13
Year ..	2,987	148	442	2.3	194.1	49.63	35.20
1975							
I ...	1,068	155	166	.9	183.4	38.68	24.40
II ...	1,137	160	182	.9	182.1	42.18	28.37
III ..	1,449	160	232	1.2	182.1	37.56	26.67
IV ..	1,555	159	247	1.2	177.0	43.33	28.30
Year ..	5,209	159	827	4.2	181.1	40.44	27.20
1976							
I	1,370	150	206	1.1	173.8	50.84	33.70
II ...	1,196	149	178	.9	174.0	44.01	38.23
III ..							
IV ..							
Year ..							

[1] Total consumption including farm production.

Table 1—Corn Belt Cattle Feeding

Selected expenses at current rates[1]

Purchased during Marketed during	Apr. Oct.	May Nov.	June Dec.	July Jan. 76	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. 76 July	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars pper head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses:																
600 lb. feeder steer	190.14	213.00	220.86	208.20	206.04	225.54	228.54	229.56	226.98	224.76	242.52	238.14	267.72	265.26	256.98	235.08
Transportation to feedlot (400 miles)	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.)	120.60	119.70	120.60	122.40	133.20	124.20	115.20	104.40	105.30	108.90	111.60	112.50	110.70	118.80	123.75	127.35
Silage (1.7 tons)	37.23	36.70	35.68	35.12	37.93	36.86	35.36	33.46	34.20	35.02	35.87	35.21	34.80	36.40	37.40	38.15
Protein supplement (270 lb.)	22.95	22.82	22.82	22.82	23.76	24.30	24.84	23.36	23.62	23.62	23.62	23.62	23.49	24.03	27.27	28.35
Hay (400 lb.)	10.30	10.05	9.20	8.70	9.10	9.55	9.70	9.80	10.20	10.30	10.55	9.95	9.90	9.95	10.00	10.05
Labor (4 hours)	8.40	8.40	8.40	8.76	8.76	8.76	9.80	9.80	9.80	9.80	10.24	10.24	10.24	10.32	10.32	10.32
Management[2]	4.20	4.20	4.20	4.38	4.38	4.38	4.90	4.90	4.90	4.90	5.12	5.12	5.12	5.16	5.16	5.16
Vet medicine[3]	2.92	2.95	2.97	2.99	3.00	3.03	3.03	3.03	3.04	3.03	3.05	3.06	3.08	3.08	3.12	3.12
Interest on purchase (6 mo.)	9.51	10.65	11.04	10.41	9.79	10.71	10.86	10.33	10.21	10.11	10.91	10.72	12.05	11.94	11.56	10.58
Power, equip, fuel, shelter, depreciation[3]	13.61	13.74	13.85	13.94	14.01	14.14	14.12	14.12	14.18	14.14	14.23	14.29	14.38	14.38	14.53	14.55
Death loss (1% of purchase)	1.90	2.13	2.21	2.08	2.06	2.26	2.29	2.30	2.27	2.25	2.43	2.38	2.68	2.65	2.57	2.35
Transportation (100 miles)	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs[3]	5.89	5.94	6.00	6.03	6.06	6.11	6.11	6.11	6.13	6.11	6.15	6.18	6.22	6.22	6.29	6.29
Total	438.59	461.22	468.77	456.77	469.03	480.78	475.69	462.11	461.77	463.88	487.23	482.35	511.32	519.13	519.89	502.29
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (1050 lb.)	36.31	38.31	38.97	37.83	39.05	40.04	39.39	38.15	38.12	38.34	40.40	39.94	42.53	43.28	43.37	40.85
Selling price/cwt. required to cover all costs (1050 lb.)	41.77	43.93	44.64	43.50	44.67	45.79	45.30	44.01	43.98	44.18	46.40	45;94	48.70	49.44	49.51	47.84
Feed cost per 100 lb. gain	42.46	42.06	41.84	42.01	45.33	43.31	41.13	38.00	38.52	39.52	40.36	40.28	39.75	42.04	44.09	45.31
Choice steers, Omaha	47.90	45.23	45.01	41.18	38.80	36.14	43.12	40.62	40.52	37.92						
Net margin/cwt.	+6.13	+1.30	+.37	-2.32	-5.87	-9.65	-2.18	-3.39	-3.46	-6.26						
Prices																
Feeder steer choice (600-700 lb., Kansas City/cwt.)	31.69	35.50	36.81	34.70	34.34	37.59	38.09	38.26	37.83	37.46	40.42	39.69	44.62	44.21	42.83	39.18
Corn/bu.[4]	2.68	2.66	2.68	2.72	2.96	2.76	2.56	2.32	2.34	2.42	2.48	2.50	2.46	2.64	2.75	2.83
Hay/ton[4]	51.50	50.25	46.00	42.75	45.50	47.75	48.50	49.00	51.00	51.50	52.75	49.75	49.50	49.75	50.00	50.25
Corn silage /ton[5]	21.90	21.59	20.99	20.66	22.31	21.68	20.80	19.68	20.12	20.60	21.10	20.71	20.47	21.41	22.00	22.44
32-36% Protein supp./cwt.[6]	8.50	8.45	8.45	8.45	8.80	8.90	9.20	8.65	8.75	8.75	8.75	8.75	8.70	8.90	10.10	10.50
Farm Labor/hour[6]	2.10	2.10	2.10	2.19	2.19	2.19	2.45	2.45	2.45	2.45	2.56	2.56	2.56	2.58	2.58	2.58
Interest annual rate	10.00	10.00	10.00	10.00	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Transportation rate/cwt. 100 mile	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	621	627	632	636	639	645	644	644	647	645	649	652	656	656	663	664

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb. hay. [6] Average price paid by farmers in Iowa and Illinois. [7] Converted from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.

Table 2—Great Plains Custom cattle feeding[1]

Purchased during Marketed during	Apr. Oct.	May Nov.	June Dec.	July Jan. 76	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. 76 July	Feb. Aug.	Mar. Sep.	Apr. Oct.	May Nov.	June Dec.	July Jan.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses:																
600 lb. feeder steer	191.22	204.18	221.46	206.40	205.08	222.66	216.90	226.50	236.40	226.02	242.40	235.44	265.74	253.50	248.22	234.24
Transportation to feedlot (300 mi)	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96	3.96
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Feed:																
milo (1,500 lb.)	69.15	70.95	69.75	74.10	79.50	75.60	69.60	66.75	68.85	65.85	67.35	69.00	68.25	69.75	72.75	76.80
corn (1,500 lb.)	76.35	75.45	77.10	82.65	89.55	79.50	75.00	72.75	74.40	71.10	71.85	72.60	73.50	78.45	81.75	82.95
cottonseed meal (400 lb.)	31.60	31.60	32.00	32.40	33.60	34.80	36.00	36.00	36.80	37.20	36.80	36.80	36.40	36.40	38.80	43.20
alfalfa hay (800 lb.)	34.40	34.40	33.60	36.40	34.00	33.80	34.20	38.00	36.60	37.00	38.80	37.20	37.80	38.40	38.00	39.20
Total feed cost	211.50	212.40	212.45	225.55	236.65	223.70	214.80	213.50	216.65	211.15	214.80	215.60	215.95	223.00	231.30	242.15
Feed handling & management charge	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Vet medicine	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Interest on feeder & ½ feed	14.85	15.52	16.38	15.96	16.17	16.73	15.40	15.83	16.37	15.75	16.62	16.30	17.75	17.34	17.23	16.88
Death loss (1.5% of purchase)	2.87	3.06	3.32	3.10	3.08	3.34	3.25	3.40	3.55	3.39	3.64	3.53	3.99	3.80	3.72	3.51
Marketing[2]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Total	451.40	466.12	484.57	481.97	491.94	497.39	481.31	490.19	503.93	487.27	508.42	501.83	534.39	528.60	531.43	527.74
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price required to cover[3]:																
feed and feeder cost (1,056 lb.)	38.14	39.45	41.09	40.90	41.83	42.27	40.88	41.67	42.90	41.40	43.30	42.71	45.61	45.12	45.41	45.11
all costs	42.75	44.14	45.89	45.64	46.59	47.10	45.58	46.42	47.72	46.14	48.15	47.52	50.61	50.06	50.32	49.98
Selling price $/cwt.[4]	47.94	46.16	47.50	41.38	38.96	35.88	45.10	41.49	41.57	37.91						
Net margin/cwt.	+5.19	+2.02	+1.61	-4.26	-7.63	-11.22	-.48	-4.93	-6.15	-8.23						
Costs per 100 lb. gain:																
Variable costs less interest	47.67	47.89	47.95	50.53	52.75	50.21	48.41	48.18	48.84	47.71	48.49	48.63	48.79	50.16	51.80	53.93
Feed costs	42.30	42.48	42.49	45.11	47.33	44.74	42.96	42.70	43.33	42.23	42.96	43.12	43.19	44.60	46.26	48.43
Unit Prices:																
Choice feeder steer 600-700 lb. Amarillo $/cwt.	31.87	34.03	36.91	34.40	34.18	37.11	36.15	37.75	39.40	37.67	40.40	39.24	44.29	42.25	41.37	39.04
Transportation rate $/cwt/100 miles[5]	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Commission fee $/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Milo $/cwt.[6]	4.61	4.73	4.65	4.94	5.30	5.04	4.64	4.45	4.59	4.39	4.49	4.60	4.55	4.65	4.85	5.12
Corn $/cwt.[6]	5.09	5.03	5.14	5.51	5.97	5.30	5.00	4.85	4.96	4.74	4.79	4.84	4.90	5.23	5.45	5.53
Cottonseed meal $/cwt.[7]	7.90	7.90	8.00	8.10	8.40	8.70	9.00	9.00	9.20	9.30	9.20	9.20	9.10	9.10	9.70	10.80
Alfalfa hay $/ton[8]	86.00	86.00	84.00	91.00	85.00	84.50	85.50	95.00	91.50	92.50	97.00	93.00	94.50	96.00	95.00	98.00
Feed handling & management charge $/ton	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Interest, annual rate	10.00	10.00	10.00	10.00	10.00	10.00	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb. in 180 days at 2.8 lb. per day with a feed conversion of 8.4 lb. per pound gain. [2] Most cattle sold F.O.B. the feedlot with 4 percent shrink. [3] Sale weight 1,056 pounds (1,100 pounds less 4 percent shrink). [4] Choice slaughter steers, 900-1,100 lb., Texas-New Mexico direct. [5] Converted from cents per mile for a 44,000 pound haul. [6] Texas Panhandle elevator price plus $.15/cwt. hauling and transportation to feed lots.

Second Half Prospects

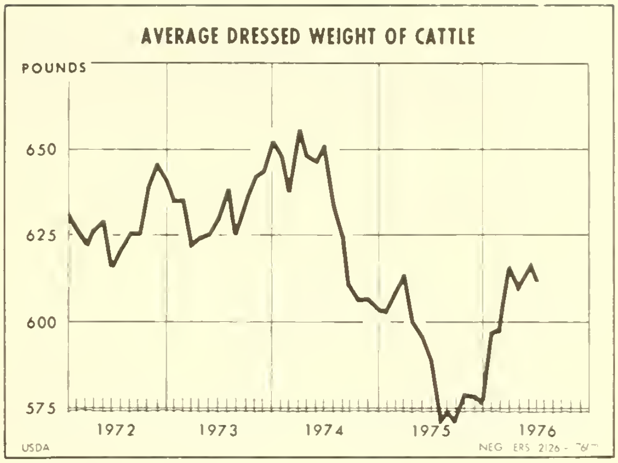
Beef production this summer will be higher than earlier expected. Large inventories of overfinished fed cattle are holding up average slaughter weights, giving an additional boost to beef tonnage. Summer advances in feed grain prices and uncertainty about forage supplies are also boosting nonfed cattle slaughter rates in many areas this summer, helping to delay expected advances in fed cattle prices. After several months of losses, cattle feeders have cut back on demand for replacement cattle, pushing feeder cattle prices lower, and encouraging a continued heavy culling of beef cows. However, total cattle slaughter this summer may be no larger than a year ago and some reduction in slaughter may be in prospect for the fall and early winter.

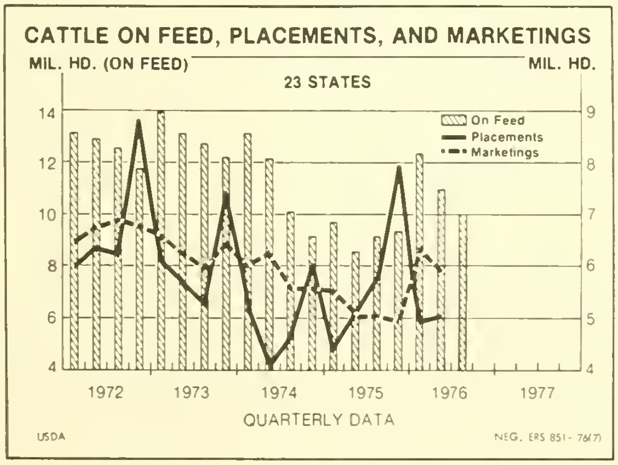
Fed beef supplies will remain abundant through the last half of the year. Reflecting increased first half placement rates, fed marketings during July-December may total 15 to 20 percent above 175's restricted level. The July 1 cattle on feed inventory in 23 States totaled 10 million head, 17 percent over July 1975 with the largest year-to-year increases in the heavier weight groups. Cattle on feed, however, still numbered the same as July 1974 and were below 1969-73 levels.

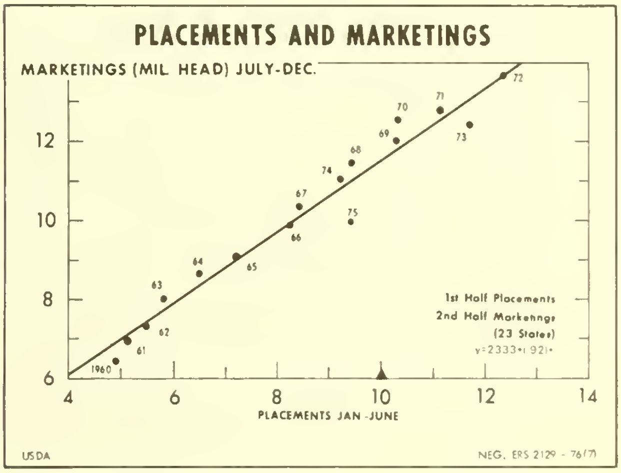
23 States cattle on feed, placements and marketings

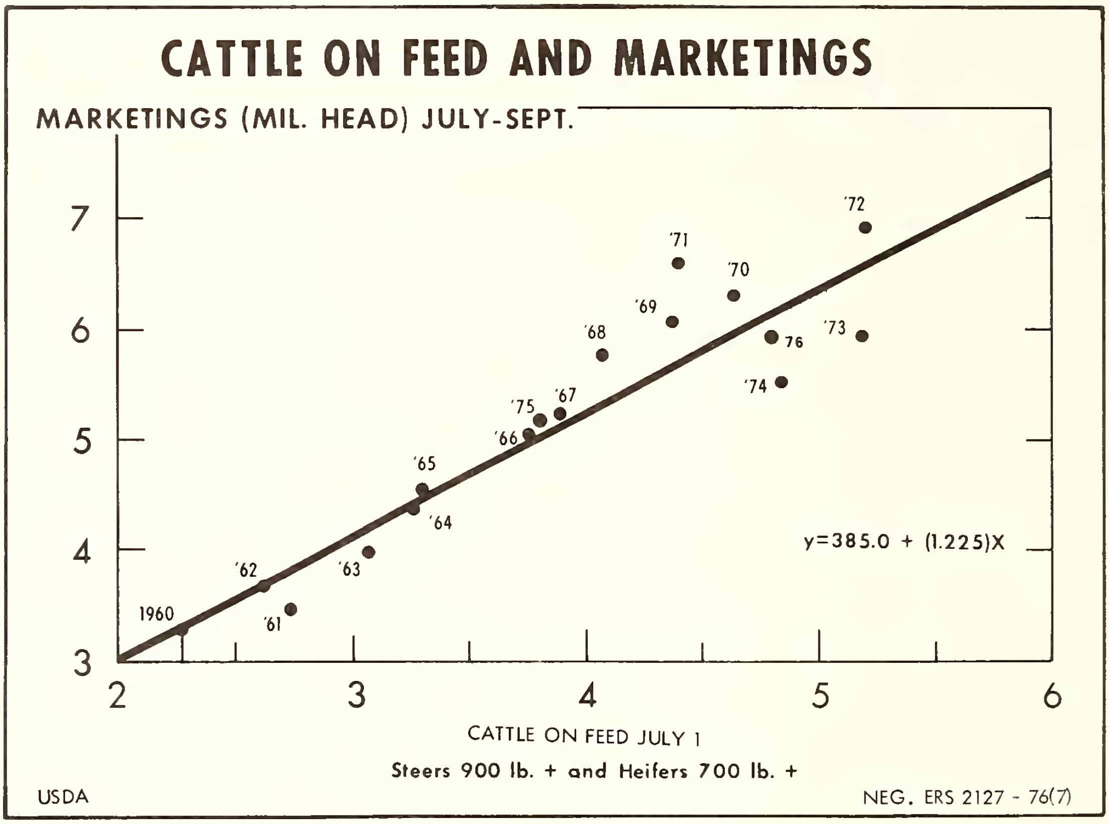
Year	On feed	Change previous year	Placements[1]	Change previous year	Marketings	Change previous year
	1,000 head	*Percent*	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1971						
I	12,209	-0.3	5,734	+12.0	6,231	+1.4
II	11,712	+0.8	5,455	+4.1	6,278	+0.9
III	10,889	+2.4	6,371	+3.7	6,594	+4.6
IV	10,666	+2.3	8,842	+10.6	6,178	-0.6
1972						
I	13,330	+9.2	5,933	+3.5	6,443	+3.4
II	12,820	+9.5	6,364	+16.7	6,727	+7.2
III	12,457	+14.4	6,224	-2.3	6.907	+4.7
IV	11,774	+10.4	8,862	+0.2	6,775	+9.7
1973						
I	13,861	+4.0	6,040	+1.8	6,585	+2.2
II	13,316	+3.9	5,696	-10.5	6,283	-6.6
III	12,729	+2.2	5,283	-15.1	5,958	-13.7
IV	12,054	+2.4	7,491	-15.5	6,478	-4.4
1974						
I	13,067	-5.7	5,242	-13.2	5,999	-8.9
II	12,310	-7.6	4,008	-29.6	6,271	-0.2
III	10,047	-21.1	4,627	-12.4	5,522	-7.3
IV	9,152	-24.1	6,005	-19.8	5,542	-14.4
1975						
I	9,619	-26.4	4,366	-16.7	5,512	-8.1
II	8,473	-31.2	5,097	+27.2	5,028	-19.8
III	8,542	-15.0	5,773	+24.8	5,014	-9.2
IV	9,301	+1.6	7,935	+32.1	4,940	-10.9
1976						
I	12,296	+27.8	4,921	+12.7	6,350	+15.2
II	10,892	+28.5	5,081	-0.3	5,937	+18.1
III	10,036	+17.5			[2] 5,983	+19.3

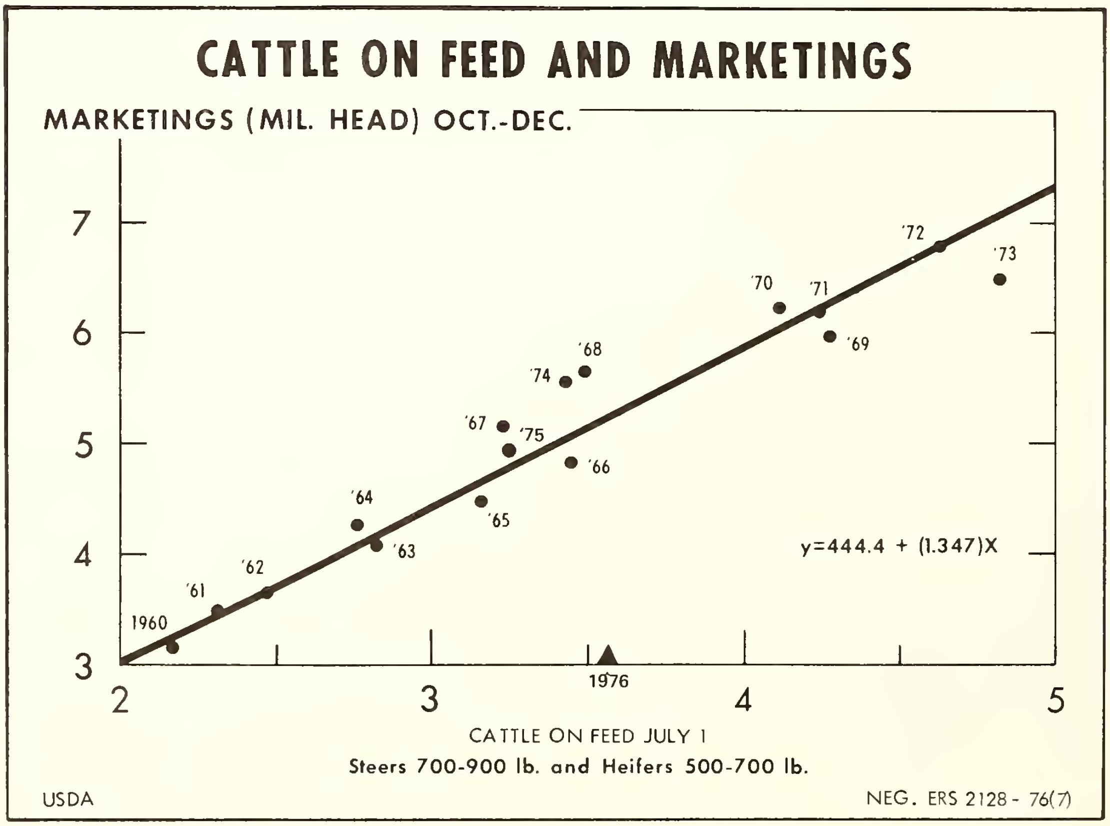
[1] Net placements. [2] Expected marketings.








CATTLE ON FEED AND MARKETINGS
MARKETINGS (MIL. HEAD) JULY-SEPT.
7
6
5
4
3
2
3
4
5
6
1960
'61
'62
'63
'64
'65
'66
'75
'67
'68
'69
'71
'70
76
'74
'73
'72
y=385.0 + (1.225)X
CATTLE ON FEED JULY 1
Steers 900 lb. + and Heifers 700 lb. +
USDA
NEG. ERS 2127 - 76(7)


CATTLE ON FEED AND MARKETINGS
MARKETINGS (MIL. HEAD) OCT.-DEC.
7
6
5
4
3
2
3
4
5
1960
'61
'62
'63
'64
'65
'67
'75
'66
'74
'68
'70
'71
'69
'72
'73
1976
y=444.4 + (1.347)X
CATTLE ON FEED JULY 1
Steers 700-900 lb. and Heifers 500-700 lb.
USDA
NEG. ERS 2128 - 76(7)

First half placements often provide a good indication of second half fed cattle marketings. This year net placements (placements less other disappearance) in 23 States totaled 10 million head, 6 percent more than the first half of 1975. Under normal marketing conditions this would point to second half marketings in 23 States of 11½ to 12 million head, a gain of more than 15 percent from a year ago. This number, however, continues below the level of the early 1970's and would be fewer than in the first half. Considering July's cattle on feed inventories by weight groups, this year's third quarter marketings likely will be somewhat larger than the fourth quarter. Although still 15 to 20 percent over a year earlier, the October-December fed beef supply likely will be the smallest of the year.

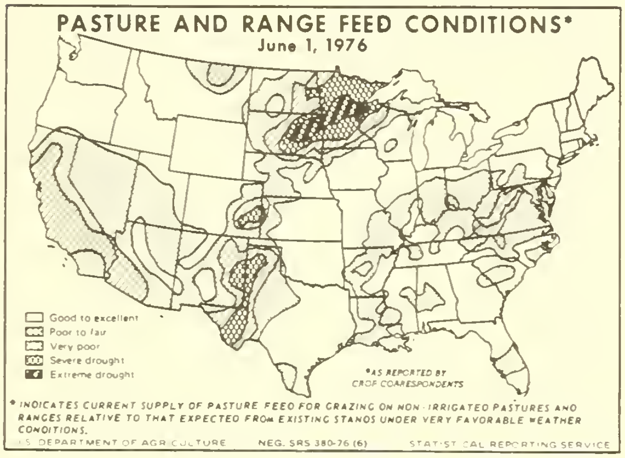
The fed beef supply will be an important factor in the cattle market later this year, but as in the past few years, the biggest uncertainty in the beef supply picture still is the level of nonfed slaughter.

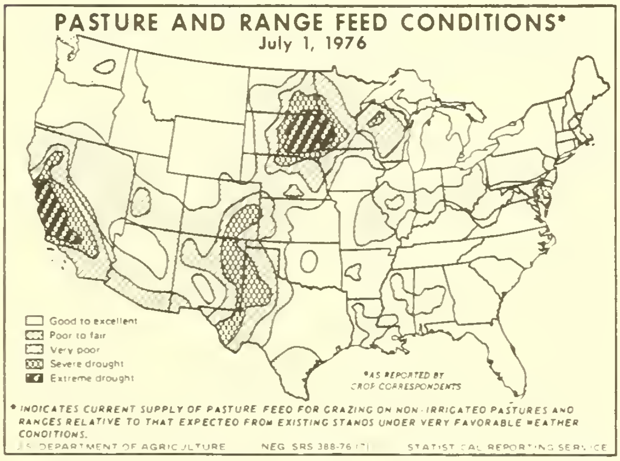
Cattle on feed, placements and marketings, 23 States

Item	1973	1974	1975	1976	1976/ 1975
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*Percent change*
On feed Apr. 1	13,316	12,310	8,473	10.892	+29
Placements, Apr.-June	5,696	4,746	5,550	5,599	+1
Marketings, Apr.-June	6,283	6,271	5,028	5,937	+18
Other disappearance Apr.-June	N.A.	738	453	518	+14
On feed July 1	12,729	10,047	8,542	10,036	+17
Steers & steer calves	8,986	7,305	5,695	6,594	+16
-500 lb.	536	207	184	197	+7
500-699 lb.	1,788	1,334	1,084	1,078	-1
700-899 lb.	3,472	2,621	2,242	2,495	+11
900-1,099 lb.	2,647	2,455	1,852	2,259	+22
1,100 + lb.	543	688	333	565	+70
Heifers & heifer calves	3,695	2,693	2,782	3,385	+22
-500 lb.	361	209	202	224	+11
500-699 lb.	1,343	807	998	1,090	+9
700-899 lb.	1,564	1,299	1,256	1,550	+23
900 + lb.	427	378	326	521	+60
Cows	48	49	65	57	-12
Marketings, July-Sept.	5,958	5,522	5,014	[1]5,983	+19

[1] Intentions.

With the reduced inventory of cattle outside feedlots and the improvement in cow and feeder cattle prices compared to a year ago, slaughter of nonfed steers, heifers, and cows likely will not reach record levels of last summer and fall. Nevertheless, the pressure to continue culling cow herds persists. Pastures are dry in some areas of the West and supplemental feeding costs are high. Deteriorating profits in feedlots coupled with high feed costs have currently pushed feeder cattle prices below spring peaks, and will tend to sustain a relatively high level of nonfed steer and heifer slaughter through the summer.


PASTURE AND RANGE FEED CONDITIONS*
June 1, 1976
Good to excellent
Poor to fair
Very poor
Severe drought
Extreme drought
*AS REPORTED BY CROP CORRESPONDENTS
* INDICATES CURRENT SUPPLY OF PASTURE FEED FOR GRAZING ON NON-IRRIGATED PASTURES AND RANGES RELATIVE TO THAT EXPECTED FROM EXISTING STANDS UNDER VERY FAVORABLE WEATHER CONDITIONS.
U.S. DEPARTMENT OF AGRICULTURE
NEG. SRS 380-76 (6)
STATISTICAL REPORTING SERVICE

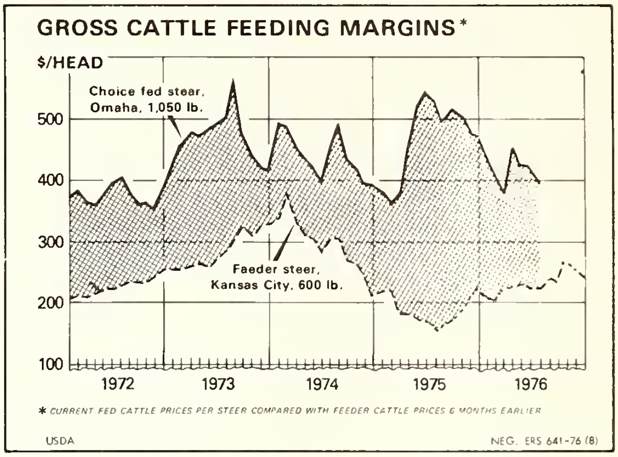

PASTURE AND RANGE FEED CONDITIONS*
July 1, 1976
Good to excellent
Poor to fair
Very poor
Severe drought
Extreme drought
*AS REPORTED BY CROP CORRESPONDENTS
* INDICATES CURRENT SUPPLY OF PASTURE FEED FOR GRAZING ON NON-IRRIGATED PASTURES AND RANGES RELATIVE TO THAT EXPECTED FROM EXISTING STANDS UNDER VERY FAVORABLE WEATHER CONDITIONS.
U.S. DEPARTMENT OF AGRICULTURE
NEG. SRS 388-76 (7)
STATISTICAL REPORTING SERVICE

Federally inspected cow slaughter fell from about 250,000 head per week in January this year to seasonal lows of around 150,000 head in April. Slaughter rates began to pick up seasonally again in May and by June and early July were back near 180,000 head. Normal seasonal increases likely would push cow slaughter to 200,000 head per week or more through late summer and early fall, producing a third quarter commercial cow slaughter of over 2½ million head. While this would still be about 15 percent fewer than last summer, it would be a hike of over 10 percent from the second quarter level. Nonfed steer and heifer slaughter during July-September may show a similar pattern; up from the spring but continuing smaller than a year earlier.

Gross cattle feeding margins[1]

Year	Fed cattle[2]	Feeder cattle[3]	Gross margin
	Dollars per steer	*Dollars per steer*	*Dollars per steer*
1973			
January	427	252	175
February	457	252	205
March	479	260	219
April	473	265	208
May	480	259	221
June	491	275	216
July	500	284	216
August	556	306	250
September	474	324	150
October	440	311	129
November	421	327	94
December	413	329	84
1974			
January	495	339	156
February	487	374	113
March	450	330	120
April	436	311	125
May	425	306	119
June	399	286	113
July	459	303	156
August	490	305	185
September	434	269	165
October	416	265	151
November	396	241	155
December	391	211	180
1975			
January	382	220	162
February	365	220	145
March	379	183	196
April	449	186	263
May	520	172	348
June	544	170	374
July	527	159	368
August	491	162	329
September	514	172	342
October	503	190	313
November	475	213	262
December	473	221	252
1976			
January	432	208	224
February	407	206	201
March	379	226	153
April	453	229	224
May	427	230	197
June	425	227	198
July	398	225	173

[1] Current fed prices per steer compared with feeder cattle prices 6 months earlier. [2] Choice steers at Omaha, 1,050 lb. [3] Choice steers at Kansas City, 600 lb.



Utility cow prices per 100 pounds, Omaha

Month	1971	1972	1973	1974	1975	1976
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
January	19.98	22.61	26.67	31.45	16.82	23.26
February	20.98	23.80	31.43	32.65	18.18	25.90
March	22.03	24.73	33.90	31.76	19.45	27.45
April	21.48	24.70	33.59	30.49	21.67	30.72
May	22.30	25.51	34.26	27.67	23.55	30.24
June	22.03	26.00	33.09	26.39	23.32	27.47
July	21.68	26.22	34.21	24.22	22.00	25.80
August	21.72	26.18	37.56	24.54	21.29	
September	21.84	26.57	34.58	22.56	22.45	
October	22.30	26.19	33.68	19.68	22.01	
November	21.45	24.98	30.71	17.62	20.73	
December	21.64	25.02	30.10	17.67	21.64	
Average	21.62	25.21	32.82	25.56	21.09	

Nonfed slaughter rates during October-December will be largely determined by prices and supplies of forage and feed grain available for winter feeding, as well as the prevailing mood of the cattle industry. Cow slaughter usually rises from summer to fall, but the seasonal increase this year should be much less than the 20-percent rise in 1975 when October-December cow slaughter reached a record level of 3.8 million head. The feeder cattle market will also have a strong bearing on cow slaughter this fall. If feed grain crops are as large as the July crop report suggested, and feed costs are lower, an improved outlook for feeder cattle prices may discourage further heavy culling of cow herds. And considering a smaller cow herd from which to cull, fourth quarter cow slaughter may total near 3 million head and remain substantially below year-earlier levels.

If fed and nonfed slaughter meets expectations, total cattle slaughter during July-September may total around 10½ million head, about the same as a year earlier, followed by a small dip in slaughter during October-December. Average weights 30 or more pounds above a year ago, however, will hold beef output higher than earlier expected, but perhaps no larger than in the first half and only about 2 to 4 percent higher than a year earlier. Under these conditions, some improvement in the fed cattle market can still be expected to materialize by late summer and fall.

A precondition to price improvement likely will be the marketing of large inventories of overfinished cattle which built up between April 1 and July 1. Substantial gains in pork and broiler pro-

Table 3—Cattle Balance Sheet

Year	On farms Jan. 1	Imports	Calf crop	Total supply	Slaughter		Death loss	Exports	Total disap-perance	To balance	On farms Dec. 31
					Cattle	Calves					
1950	77,963	461	34,899	113,323	18,614	10,501	3,742	8	32,865	+1,625	82,083
1951	82,083	239	35,825	118,147	17,084	8,902	3,863	8	29,857	-218	88,072
1952	88,072	140	38,273	126,485	18,625	9,388	4,034	11	32,058	-186	94,241
1953	94,241	198	41,261	135,700	24,465	12,200	4,060	15	40,740	+719	95,679
1954	95,679	86	42,601	138,366	25,889	13,270	4,063	21	43,243	+1,469	96,592
1955	96,592	314	42,112	139,018	26,587	12,864	4,052	35	43,538	+420	95,900
1956	95,900	159	41,376	137,435	27,755	12,999	3,912	37	44,703	+128	92,860
1957	92,860	728	39,905	133,493	27,068	12,353	3,801	44	43,266	+949	91,176
1958	91,176	1,152	38,860	131,188	24,368	9,738	3,810	26	37,942	+76	93,322
1959	93,322	709	38,938	132,969	23,722	8,072	3,876	51	35,721	-1,012	96,236
1960	96,236	663	39,416	136,315	26,029	8,615	4,100	32	38,776	+161	97,700
1961	97,700	1,043	40,180	138,923	26,471	8,080	4,018	24	38,593	+39	100,369
1962	100,369	1,250	41,441	143,060	26,911	7,857	4,125	19	38,912	+340	104,488
1963	104,488	852	42,268	147,608	28,070	7,204	4,040	23	39,337	-368	107,903
1964	107,903	547	43,809	152,259	31,678	7,632	4,232	62	43,604	+345	109,000
1965	109,000	1,128	43,922	154,050	33,171	7,788	4,248	54	45,261	+73	108,862
1966	108,862	1,100	43,537	153,499	34,173	6,863	4,049	35	45,120	+404	108,783
1967	108,783	752	43,803	153,338	34,297	6,110	4,045	55	44,507	+540	109,371
1968	109,371	1,039	44,315	154,725	35,414	5,616	4,012	36	45,082	+372	110,015
1969	110,015	1,042	45,177	156,234	35,573	5,011	4,123	39	44,746	+881	112,369
1970	112,369	1,168	45,871	159,408	35,354	4,203	4,297	88	43,942	-888	114,578
1971	114,578	991	46,739	162,308	35,895	3,821	4,464	93	44,273	-173	117,862
1972	117,862	1,186	47,695	166,743	36,083	3,184	5,136	104	44,507	-702	121,534
1973	121,534	1,039	49,132	171,705	34,027	2,376	6,497	273	43,173	-862	127,670
1974	127,670	568	50,695	178,933	37,327	3,172	6,100	204	46,803	-304	131,826
1975	131,826	389	50,426	182,641	41,464	5,406	7,000	196	54,066	-599	127,976
1976[1]	127,976	1,000	46,905	175,881	42,500	5,000	6,000	200	53,700		121.0-123.0
1977[1]	121.0-123.0										

[1] Projected.

duction may tend to limit advances, but if beef output later this year is no larger than a year ago, and fed beef supplies trend somewhat lower than current levels, Choice steer prices should advance into the mid $40's before the end of the year.

Inventory Decline Continues

The July 1 cattle inventory report provides cattlemen with hope for significant price gains in the years ahead. The midyear inventory of cattle and calves on farms was reported to be 133.5 million head, down 6.6 million head from a year earlier. Sharpest year-to-year declines were reported in breeding stock inventories, reflecting the financial plight of cow-calf producers for the past 2½ years. Following record cow slaughter over the past 12 months, a smaller number of heifers were held for replacement and total cow inventories were reduced 7 percent from mid-1975 peaks. The beef cow herd totaled 42.8 million head on July 1, down 4.1 million from last year, the fewest since mid-1973. The inventory of replacement beef heifers also was down 12 percent from last year, indicating improved feeder cattle prices earlier this year were not sufficient to encourage any plans for expansion.

The first estimate of the 1976 calf crop is placed at 46.9 million head, 7 percent fewer than last year's crop and the smallest since 1971. The calf crop was lower than earlier expectations and was much smaller than suggested by the January 1

July 1, Cattle Inventory

Class	1974	1975	1976	1976/ 1975
	1,000 head	*1,000 head*	*1,000 head*	*Percent change*
Cattle and calves	138,987	140,056	133,459	-5
Cows and heifers that have calved	56,763	57,993	53,821	-7
Beef cows	45,560	46,842	42,770	-8
Milk cows	11,203	11,151	11,051	-1
Heifers 500 pounds and over	19,089	18,936	18,871	0
For beef cow replacement	7,879	7,377	6,518	-12
For milk cow replacements	3,900	3,932	3,940	0
Other heifers	7,310	7,627	8,413	+10
Steers 500 pounds and over	18,358	17,291	18,683	+8
Bulls 500 pounds and over	2,904	3,063	2,756	-10
Heifers, steers and bulls under 500 pounds	41,873	42,773	39,328	-8
Calf crop[1]	50,695	50,426	46,905	-7

[1] For 1976, the calf crop is the number of calves born before July 1 plus the number expected to be born after July 1.

July 1 feeder cattle supply

	1973	1974	1975	1976	%[3]
	1,000 head				
Calves under 500 lb.					
On farms	38,416	41,873	42,773	39,328	-8
On feed[1]	933	433	405	442	+9
Feeder supply ...	37,483	41,440	42,368	38,886	-8
Steers and heifers over 500 lb.[2]					
On farms	25,010	25,668	24,918	27,096	+9
On feed[1]	12,255	9,965	8,496	10,036	+18
Feeder supply ...	12,755	15,703	16,422	17,060	+4
Total feeder supply	50,238	57,143	58,790	55,946	-5

[1] Estimated U.S. steers and heifers. [2] Not including heifers for cow replacements. [3] Percent change from 1975.

cow inventory. Lower calving rates may be typical of the liquidation phase of the cattle cycle when the value of beef calves is depressed. Also, the high cost of feeding, coupled with low returns and financial losses to producers over the past 2½ years, suggests the general physical condition of the beef cow herd may not be as good as in earlier years.

The midyear feeder cattle supply is estimated to be 56.0 million head, a 5-percent reduction from last year's record number. Supplies of feeder cattle over 500 pounds were up 4 percent while supplies of feeders under 500 pounds were reduced 8 percent.

Inventory declines likely will continue for the balance of 1976 and be larger than earlier expected. With the lower 1976 calf crop, cattle and calf slaughter for 1976 will be high enough to reduce the January 1, 1977 inventory, perhaps by another 5 to 7 million head from 1976's reduced level. If death losses and other disappearance run 5 to 5½ percent of the inventory, as in the past few years, a slight increase in total cattle and calf slaughter expected for 1976 could reduce the cattle herd to around 121-123 million head by the beginning of next year. With a 10-million-head reduction in inventories in prospect during 1975 and 1976, the downswing in numbers during this cattle cycle will be the largest since the 1920's when inventories fell nearly 16 million head over a 10-year period.

About half the decline in the total cattle inventory this year may be in the beef cow herd. Considering the sharp reductions in beef heifers held for replacement this year, plus a cow slaughter estimate at around 10½ million head, the total cow herd at the end of the year may fall to around 52 million head—a reduction of around 4 to 6 percent from 1975's lower number. This would suggest another decline in the 1977 calf crop, providing justified optimism for the cattle market in 1977 and beyond, especially for cows and feeder cattle.

A Glimpse of 1977

During the liquidation phase of the cattle cycle there is a tendency to slaughter a larger proportion of the cattle herd, which keeps cattle and calf slaughter rates relatively high even though inventory numbers and calf crops may be declining. On the average over the past 50 years, around 36 percent of the January 1 cattle inventory has been slaughtered during the year. In 1973 one of the lowest rates in history was reached when only 30 percent of the inventory was slaughtered. Total slaughter increased in 1974 but still only reached 32 percent of the beginning inventory. The 16-percent jump in cattle and calf slaughter last year represented about 36 percent of the inventory, a rate that contributed to the initial downturn in total herd numbers. Expected cattle and calf slaughter in 1976 of near 47-3/4 million head would be 37 percent of the January inventory. Even in the mild cyclical pattern of the mid 1960's, slaughter rose to 37 percent of the inventory and remained at this higher level for 5 years despite the absence of dry conditions, high feed prices, or serious disruptions in the general economy.

Jan. 1 cattle inventory and calf crop

Year	Cattle	Cows	Cows/ cattle	Calf crops	Calf crop/ cows
	1,000 head	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1950 ..	77,963	37,946	49	34,899	92
1951 ..	82,083	39,415	48	35,825	91
1952 ..	88,072	41,225	47	38,273	93
1953 ..	94,241	44,030	47	41,261	94
1954 ..	95,679	46,045	48	42,601	93
1955 ..	96,592	46,240	48	42,112	91
1956 ..	95,900	45,460	47	41,376	91
1957 ..	92,860	44,115	48	39,905	90
1958 ..	91,176	42,790	47	38,860	91
1959 ..	93,322	42,680	46	38,938	91
1960 ..	96,236	43,325	45	39,416	91
1961 ..	97,700	44,045	45	40,180	91
1962 ..	100,369	45,086	45	41,441	92
1963 ..	104,488	46,399	44	42,268	91
1964 ..	107,903	47,868	44	43,809	92
1965 ..	109,000	48,780	45	43,922	90
1966 ..	108,862	47,990	44	43,537	91
1967 ..	108,783	47,495	44	43,803	92
1968 ..	109,371	47,685	44	44,315	93
1969 ..	110,015	48,040	44	45,177	94
1970 ..	112,369	48,780	43	45,871	94
1971 ..	114,578	49,786	43	46,739	94
1972 ..	117,862	50,585	43	47,695	94
1973 ..	121,534	52,542	43	49,132	94
1974 ..	127,670	54,293	43	50,695	93
1975 ..	131,826	56,682	43	50,426	89
1976 ..	127,976	54,834	43	46,905	86

Table 4—Beef supplies and prices

	Commercial cattle slaughter[1]						Average dressed weight	Commercial production	Per capita consumption[2]	Prices			
	Steers and heifers			Cows	Bulls and stags	Total				Retail	Choice Feeders 600-700 lb. Kansas City	Choice Steers Omaha 900-1100 lb.	Farm
	Fed	Non-fed	Total										
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*Lb.*	*Mil. lb.*	*Lb.*	*Cent/ lb.*	*$/cwt.*	*$/cwt.*	*$/cwt.*
1971: I	6,380	572	6,952	1,500	135	8,587	619	5,300	27.7	100.2	33.57	31.06	27.93
II	6,480	687	7,167	1,586	164	8,917	612	5,445	28.1	104.8	34.50	32.54	29.17
III	6,820	666	7,486	1,614	179	9,279	602	5,574	29.3	105.4	34.84	32.71	29.00
IV	6,380	592	6,972	1,675	155	8,802	613	5,378	27.9	106.6	36.57	33.27	29.83
Year	26,060	2,517	28,577	6,375	633	35,585	611	21,697	113.0	104.2	34.87	32.39	29.00
1972: I	6,630	402	7,032	1,518	148	8,698	619	5,370	28.2	114.4	38.47	35.71	32.40
II	6,930	452	7,382	1,474	166	9,022	619	5,566	28.9	112.3	40.30	36.04	33.33
III	7,140	223	7,363	1,472	180	9,015	618	5,559	29.4	115.3	42.46	36.26	34.07
IV	6,970	395	7,365	1,528	151	9,044	635	5,723	29.6	113.2	44.36	35.12	34.07
Year	27,670	1,472	29,142	5,992	645	35,779	623	22,218	116.1	113.8	41.40	35.78	33.50
1973: I	6,770	146	6,916	1,590	156	8,662	624	5,393	28.0	129.2	50.77	43.28	40.80
II	6,470	86	6,556	1,434	165	8,155	621	5,049	26.2	135.8	53.74	45.84	43.43
III	6,080	204	6,284	1,533	180	7,997	625	4,998	26.8	141.8	57.98	48.57	47.67
IV	6,570	437	7,007	1,691	175	8,873	638	5,648	28.6	135.1	50.20	40.47	40.00
Year	25,890	873	26,763	6,248	676	33,687	626	21,088	109.6	135.5	53.17	44.54	42.80
1974: I	6,100	560	6,660	1,689	165	8,514	638	5,434	28.3	145.1	47.78	45.46	42.83
II	6,430	817	7,247	1,391	179	8,817	639	5,638	28.8	134.5	39.80	40.01	36.37
III	5,680	1,526	7,206	1,913	244	9,363	614	5,751	29.4	141.0	34.64	43.91	34.97
IV	5,670	1,695	7,365	2,521	232	10,118	595	6,021	30.3	134.5	29.31	38.19	28.83
Year	23,880	4,598	28,478	7,514	820	36,812	621	22,844	116.8	138.8	37.88	41.89	35.60
1975: I	5,690	1,611	7,301	2,224	208	9,733	600	5,842	30.3	129.6	27.39	35.72	27.33
II	5,200	1,658	6,858	2,419	273	9,550	586	5,593	28.4	146.5	34.67	48.03	34.57
III	5,190	1,913	7,103	3,124	312	10,539	564	5,942	30.2	156.4	35.54	48.64	33.83
IV	5,120	1,875	6,995	3,790	304	11,089	568	6,296	31.2	151.4	38.06	46.05	33.07
Year	21,200	7,057	28,257	11,557	1,097	40,911	579	23,673	120.1	146.0	33.91	44.61	32.30
1976: I	6,560	1,367	7,927	2,749	236	10,912	595	6,491	32.7	142.1	39.19	38.71	33.77
II	6,150	1,431	7,581	2,329	258	10,168	604	6,144	31.1	141.5	43.89	41.42	37.03
III													
IV													
Year													

[1] Classes estimated. [2] Total including Farm Production, farm production estimated for 1976.

The supply and price of feed grain available for the 1976/77 feeding year will have a considerable impact on the rate of herd slaughter in 1977. If this year's feed crops meet current expections, the rate of herd slaughter may not increase any further in the year ahead. If so, total cattle and calf slaughter next year could be reduced by 5 percent or more, reflecting the smaller inventory at the beginning of the year. Commercial cattle slaughter could be moderately reduced as increases in fed cattle slaughter are more than offset by reduced slaughter of nonfed steers, heifers, and cows. Average slaughter weights will continue to rise with a higher proportion of fed cattle in the slaughter mix but total beef tonnage might still dip from this year's record output.

While fed beef supplies likely will continue to rise in 1977, marketings may still fall short of the 1972 record output. Current projections of grain supplies to be available for feeding next year suggest livestock/feed price relationships favorable for expansion. However, lower feed costs likely will tend to be offset by high feeder cattle prices.

Feeder cattle supplies are still large enough to support a substantial increase in cattle feeding next year. But the downturn in beef cow herds and smaller calf crops, coupled with a relatively high slaughter of nonfed steers and heifers and calves, has reduced feeder cattle supplies and will prevent any bargain prices for replacement cattle.

Fed beef supplies through the first half of next year will be largely determined by placements during the balance of 1976. With the current loss position of most cattle feeders, placements of cattle on feed may lag during the summer. However, if the fed cattle market improves as expected later this year, and feeding costs begin to subside, placements later this year and through much of next year might approach record 1972 levels. Fed marketings would also rise during 1977 but perhaps at a slower pace than placements. Lower feed costs and higher feeder cattle prices may tend to lengthen feeding periods again, delaying further substantial increases in the fed beef supply to late spring or early summer.

Even with higher fed cattle slaughter next year, fed cattle prices should be much improved from 1976. Barring dry conditions next year or a rapid runup in feed costs, feeder cattle prices likely will continue to strengthen during the year, reducing incentives to cull cow herds. A lower culling rate on a smaller cow herd in 1977 could reduce cow slaughter to 8-9 million head, around 2 million fewer than this year's expected level. In addition, increased demand for replacement cattle may reduce nonfed steer and heifer slaughter by a million head or more from this year. Commercial cattle slaughter next year is currently expected to total near 40 million head, down nearly 2 million from 1976, as a 5- to 10-percent increase in fed marketings is more than offset by declines in nonfed slaughter.

Substantial increases in the pork supply expected in 1977 may be a limiting factor and developments in the general economy will also have a bearing on cattle prices. Increases in average carcass weights will keep total beef output high. But if demand for beef grows at a long-term rate of around 5-7 percent and total beef supplies are smaller than this year, Choice steer prices may rise to seasonal peaks, perhaps averaging in the high $40's, in the spring before trailing lower again during the last half of the year.

Moderate increases in fed cattle prices next year, however, will not insure profits in cattle feeding. Feeder cattle will increasingly become a seller's market as the year progresses and breakeven prices on fed cattle could also be higher, even with a lower grain market. Profits of the magnitude of 1975 are not likely barring a temporary sharp runup in the fed cattle market. Differences between profits and losses in 1977 probably will become more the product of shrewd buying and selling decisions by feeders, and efficiency of operations, rather than in higher market prices.

HOGS

The release of the June Hogs and Pigs Report points to continued expansion in pork production into 1977. Judging from the inventory of market hogs on farms June 1 by weight groups, around 15 percent more hogs may move to slaughter during the last half of this year than in 1975. If average slaughter weights continue to hold above last year's level through the summer and near the 1975 average during the fall quarter, annual production could run around 5 to 6 percent above the previous year.

Hogs on farms, June 1, farrowings, and pig crops

Item	1973	1974	1975	1976[1]	1976/ 1975
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*Percent change*
Inventory:	59,971	59,437	48,165	52,643	+9
Breeding	9,041	8,905	7,405	8,241	+11
Market	50,936	50,532	40,760	44,420	+9
-60 lb.	24,536	23,858	18,502	21,039	+14
60-119 lb. ..	12,110	12,181	9,974	10,849	+9
120-179 lb. .	8,189	7,835	6,909	7,167	+4
180-219 lb. .	4,803	4,955	4,298	4,336	+1
220 + lb. ...	1,298	1,703	1,077	1,011	-6
Sows farrowing:					
Dec.-May	6,459	6,372	4,969	5,689	+14
June-Nov. ...	5,864	5,466	4,959	5,811[1]	+17
Pig crops:					
Dec.-May	46,195	45,075	35,534	41,379	+16
June-Nov. ...	42,004	38,879	35,772	42,130[1]	+18
Pigs Per Litter:					
Dec.-May	7.15	7.07	7.15	7.27	+2
June-Nov. ...	7.16	7.11	7.21	7.25	+1

[1] Intentions.

Slaughter hogs marketed during the first half of 1977 will be drawn largely from this fall's pig crop. June 1 farrowing intentions suggest a possible increase of 18 percent in this pig crop. Summer advances in corn and soybean meal prices may give some producers second thoughts about continued expansion, but most decisions for the fall pig crop were made while hog feeding continued quite favorable. If intentions are met, hog slaughter during the first 6 months of next year could be up 15 percent or more over the 1976 slaughter level.

Fall pig crop and hog slaughter

	June-Nov. pig crop	Jan.-June Commercial slaughter	Percent of pig crop slaughtered
	Thous. head	*Thous. head*	*Percent*
1963/64 ..	43,307	41,975	96.9
1964/65 ..	39,862	38,368	96.3
1965/66 ..	36,415	34,998	96.1
1966/67 ..	42,132	40,558	96.3
1967/68 ..	43,551	41,833	96.1
1968/69 ..	45,078	42,653	94.6
1969/70 ..	42,155	39,927	94.7
1970/71 ..	49,629	47,865	96.4
1971/72 ..	45,923	43,650	95.1
1972/73 ..	43,174	39,703	92.0
1973/74 ..	42,004	41,164	98.0
1974/75 ..	38,879	36,568	94.1
1975/76 ..	35,772	34,251	95.7
1976/77[1]	41,905	40,000	95.5

[1] Forecast.

Table 5—Pork supplies and prices

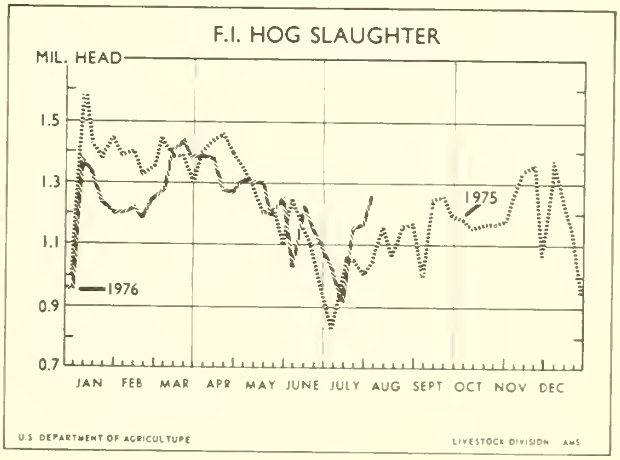
Year	Estimated commercial slaughter[1]				Average dressed weight	Commercial production	Per capita consumption[2]	Prices		
	Barrows and gilts	Sows	Boars	Total				Retail	Barrows and gilts 7 markets	Farm
	1,000 head				*Lb.*	*Mil lb.*	*Lb.*	*Cents per lb.*	*$/cwt*	*$/cwt*
1971: I ...	22,812	1,270	174	24,256	151	3,671	18.3	69.2	17.60	17.10
II ...	21,938	1,452	220	23,610	156	3,678	17.8	68.8	17.33	16.80
III ...	20,524	1,570	214	22,308	154	3,441	18.0	71.3	19.27	18.47
IV ...	22,499	1,563	202	24,264	157	3,816	18.9	71.9	20.06	19.33
Year	87,773	5,855	810	94,438	155	14,606	73.0	70.3	18.45	17.92
1972: I ...	21,029	1,053	178	22,260	157	3,503	17.7	79.0	24.67	23.90
II ...	20,055	1,135	199	21,389	158	3,386	16.6	79.9	25.00	24.33
III ...	17,943	1,305	193	19,441	158	3,064	15.8	86.1	28.85	27.87
IV ...	19,944	1,495	178	21,617	162	3,507	17.3	87.7	28.89	27.93
Year	78,971	4,988	748	84,707	159	13,460	67.4	83.2	26.67	26.00
1973: I ...	18,949	1,080	195	20,224	161	3,262	16.0	98.1	35.63	34.50
II ...	18,274	998	206	19,478	163	3,178	15.4	103.1	36.82	35.90
III ...	15,482	1,190	203	16,875	165	2,791	14.0	121.8	49.04	47.13
IV ...	18,842	1,195	181	20,218	166	3,347	16.2	116.1	40.96	39.87
Year	71,547	4,463	785	76,795	164	12,578	61.6	109.8	40.27	39.35
1974: I ...	18,887	1,075	187	20,149	168	3,378	16.7	115.2	38.40	38.13
II ...	19,659	1,174	181	21,014	168	3,531	17.2	99.3	28.00	27.03
III ...	17,699	1,802	204	19,705	165	3,243	16.1	107.4	36.59	34.63
IV ...	19,124	1,588	182	20,894	164	3,431	16.6	111.0	39.06	37.40
Year	75,369	5,639	754	81,762	166	13,583	66.6	108.2	35.12	34.30
1975: I ...	17,711	886	162	18,759	162	3,044	15.0	114.4	39.35	38.43
II ...	16,704	939	165	17,808	164	2,923	14.1	123.1	46.11	43.93
III ...	14,151	1,003	153	15,307	164	2,512	12.3	149.2	58.83	56.20
IV ...	15,659	982	172	16,813	169	2,836	13.4	153.4	52.20	51.63
Year	64,225	3,810	652	68,687	165	11,314	54.8	135.0	48.32	47.55
1976: I ...	16,605	694	133	17,432	166	2,895	14.0	141.5	47.99	46.97
II ...	15,960	718	141	16,819	165	2,781	13.2	138.5	49.19	47.87
III ..										
IV ...										
Year										

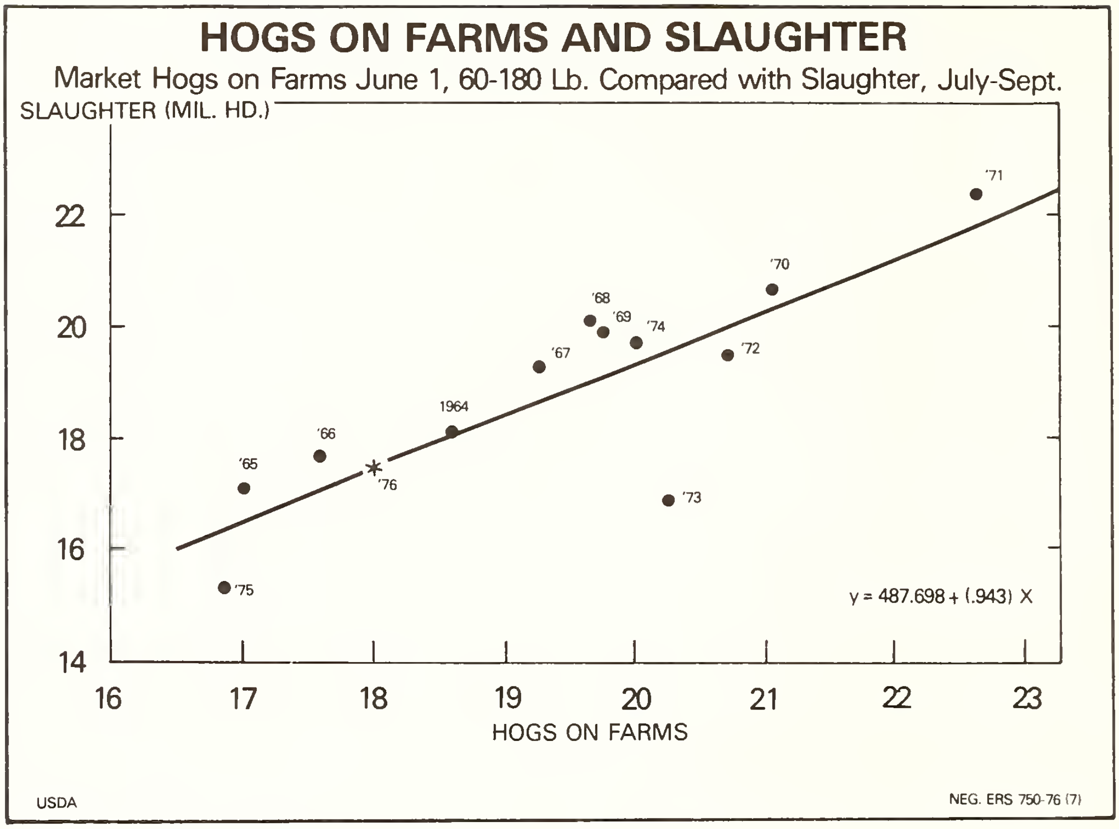
[1] Classes estimated. [2] Total including farm production.

Expanded Output, Lower Prices in Second Half

Hog slaughter during the first half of 1976 totaled 34.3 million head, 6 percent fewer than in 1975. Pork output dipped 5 percent. Little price variation was observed during this period with barrows and gilts fluctuating mostly between $47-$51 per 100 pounds and averaging above $48. However, a less stable market appears likely for the balance of this year. Seasonal reductions in slaughter raised prices to around $51 in late June and early July. But an increasing volume of marketings in early August pushed prices down to the low $40's.

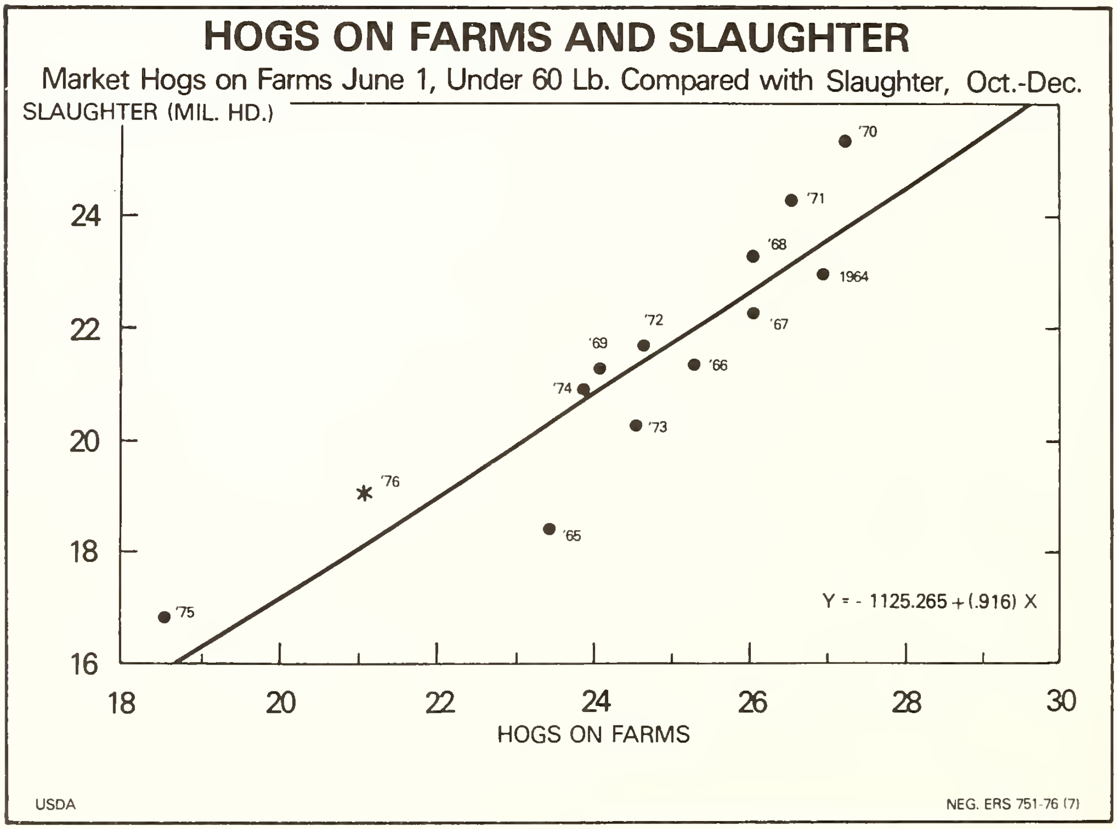
Market hogs weighing 60 to 180 pounds on June 1 will provide most of the slaughter during the July-September quarter. These hogs numbered approximately 18 million head, 7 percent more than on June 1 of the previous year. The historical relationship between the midyear inventory of market hogs in this weight group and commercial slaughter during the summer quarter is illustrated in the regression chart that follows. A slaughter of around 17½ million head is indicated. This would





HOGS ON FARMS AND SLAUGHTER

Market Hogs on Farms June 1, 60-180 Lb. Compared with Slaughter, July-Sept.



HOGS ON FARMS AND SLAUGHTER

Market Hogs on Farms June 1, Under 60 Lb. Compared with Slaughter, Oct.-Dec.

Federally Inspected Hog Slaughter

Week ended 1976[1]	1973	1974	1975	1976
	Thou.	*Thou.*	*Thou.*	*Thou.*
Jan. 10 ..	1,559	1,566	1,588	1,409
17	1,527	1,577	1,432	1,326
24	1,555	1,598	1,385	1,227
31	1,342	1,328	1,450	1,203
Feb. 7 ...	1,488	1,185	1,424	1,208
14	1,471	1,541	1,419	1,234
21	1,372	1,403	1,340	1,168
28	1,525	1,564	1,352	1,255
Mar. 6 ...	1,542	1,554	1,453	1,273
13	1,522	1,555	1,395	1,422
20	1,596	1,493	1,393	1,403
27	1,354	1,637	1,315	1,383
Apr. 3 ...	1,430	1,589	1,404	1,388
Apr. 10 ..	1,352	1,519	1,439	1,387
17	1,441	1,602	1,478	1,290
24	1,454	1,515	1,401	1,271
May 1 ...	1,612	1,547	1,368	1,321
May 8 ...	1,561	1,678	1,301	1,309
15	1,412	1,534	1,221	1,316
22	1,433	1,626	1,221	1,197
29	1,263	1,392	1,101	1,257
June 5 ..	1,397	1,621	1,294	1,038
12	1,378	1,596	1,254	1,199
19	1,282	1,343	1,163	1,155
26	1,319	1,285	1,132	1,103
July 3 ...	1,016	984	853	1,024
July 10 ..	1,155	1,313	1,061	941
17	1,037	1,242	1,100	1,159
24	1,306	1,326	1,055	1,174
31	1,267	1,476	1,027	1,266
Aug., 7 ..	1,343	1,443	1,051	
14	1,214	1,454	1,157	
21	1,127	1,377	1,057	
28	1,116	1,482	1,169	
Sept. 4 ..	1,107	1,347	996	
11	1,303	1,628	1,267	
18	1,467	1,622	1,258	
25	1,469	1,600	1,198	
Oct. 2 ...	1,451	1,585	1,188	
Oct. 9 ...	1,529	1,602	1,159	
16	1,439	1,541	1,193	
23	1,309	1,491	1,163	
30	1,518	1,475	1,194	
Nov. 6 ..	1,519	1,583	1,275	
13	1,561	1,574	1,336	
20	1,243	1,594	1,376	
27	1,584	1,305	1,069	
Dec. 4 ...	1,576	1,654	1,372	
11	1,426	1,574	1,237	
18	1,509	1,492	1,219	
25	1,088	1,015	949	
Jan. 1 ...	1,203	1,014	970	

[1] Corresponding dates: 1973, January 13; 1974, January 12; 1975, January 11.

represent a gain of 14 percent over the restricted 1975 summer slaughter but would fall short of the 1974 level by about a tenth.

Hog slaughter under Federal inspection during the last 3 weeks in July averaged 1.2 million head per week compared with the year-earlier level of about 1.1 million head. An average near 1.3 million head per week of federally inspected slaughter for the third quarter would be consistent with the expected total.

Fall Production to Be Up Sharply

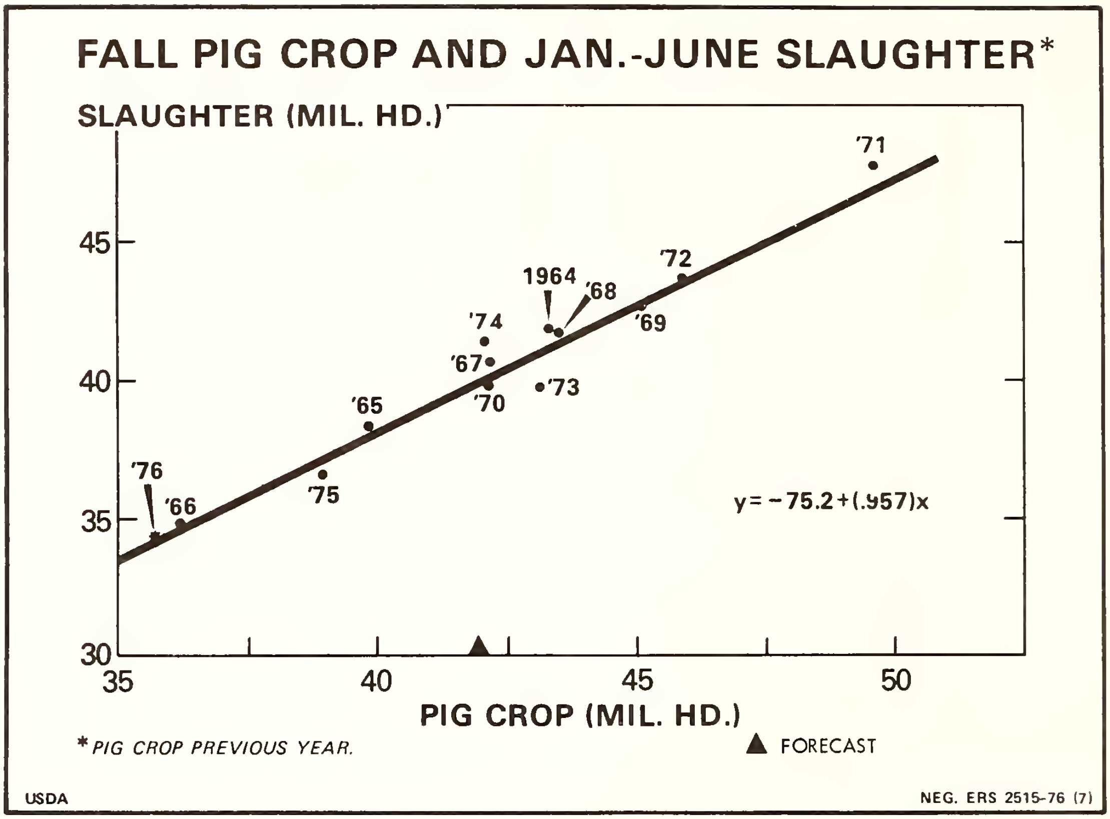
In March, hog producers in the 14 States planned to increase by 10 percent the March-May pig crop, which will supply most of this fall's slaughter hogs. Indications from the survey of these States in June suggest that this pig crop may have actually been increased by 19 percent. The number of market hogs weighing less than 60 pounds on June 1 was increased by 14 percent, reflecting the larger pig crop. Slaughter during the fall quarter will be drawn largely from this weight group. The October-December commercial kill may exceed 19 million head, around 15 percent more than a year earlier and a seasonal gain of about 10 to 12 percent over the third quarter. Using the past relationship between the spring pig crop and second half slaughter to obtain an aggregate number, slaughter for July through December would reach nearly 37 million head, up around 15 percent from a year ago.

Spring pig crop and hog slaughter

	Dec.-May[1] pig crop	July-Dec. Commercial slaughter	Percent of pig crop slaughtered
	Thou. head	Thou. head	Percent
1964	47,682	41,043	86.1
1965	42,526	35,416	83.3
1966	45,471	39,013	85.8
1967	48,117	41,566	86.4
1968	49,077	43,327	88.3
1969	46,521	41,186	88.5
1970	52,292	45,890	87.8
1971	52,589	46,573	88.6
1972	47,654	41,057	86.2
1973	46,195	37,092	80.3
1974	45,075	40,598	90.1
1975	35,534	32,119	90.4
1976[2]	41,379	36,800	88.9

[1] December, previous year. [2] Forecast.

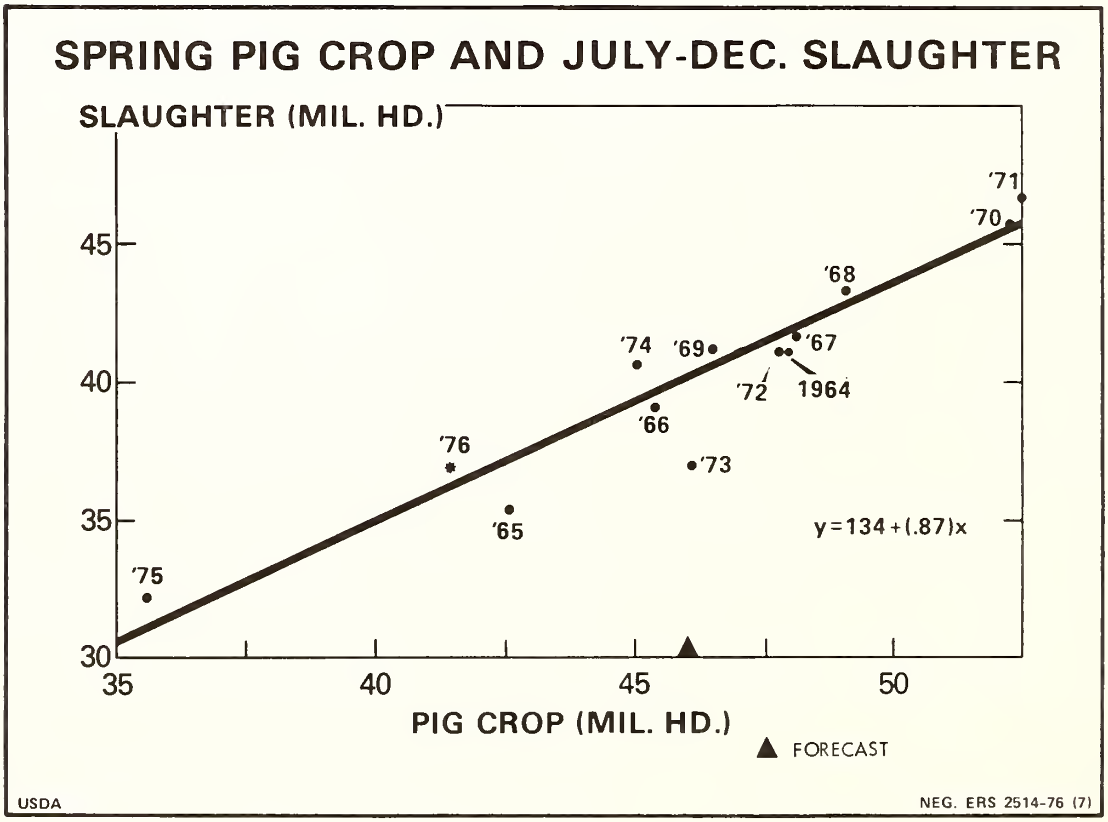
Hog prices will continue under downward pressure through the fall quarter as production rises seasonally. Pork production may be 15 to 17 percent above October-December 1975 but remain 3 to 5 percent below the 1974 level. The seven-market barrow and gilt price averaged $39 per 100 pounds in the fall of 1974. An average price in the low $40's is expected this fall. However, considering increased poultry and fed beef production, market hog prices could drop below $40 before yearend.



FALL PIG CROP AND JAN.-JUNE SLAUGHTER*

*PIG CROP PREVIOUS YEAR.

USDA NEG. ERS 2515-76 (7)



SPRING PIG CROP AND JULY-DEC. SLAUGHTER

USDA NEG. ERS 2514-76 (7)

Table 6—Hogs and Pigs Balance Sheet

Year	Dec.1 inventory[1]	Dec.-May pig crop[1]	Total supply	Commercial slaughter Dec.-May	Other disappearance[2]	June 1 inventory	June-Nov. pig crop	Total supply	Commercial slaughter June-Nov.	Other disappearance[2]
1964	62,061	47,682	109,743	43,776	6,190	59,777	39,862	99,639	39,285	4,248
1965	56,106	42,526	98,632	40,579	5,085	52,968	36,415	89,383	35,081	3,783
1966	50,519	45,471	95,990	35,331	4,462	56,197	42,132	98,329	37,238	3,966
1967	57,125	48,117	105,242	41,803	4,073	59,366	43,551	102,917	40,381	3,718
1968	58,818	49,077	107,895	43,093	4,271	60,531	45,078	105,609	41,652	3,128
1969	60,829	46,521	107,350	44,015	4,608	58,727	42,155	100,882	40,287	3,549
1970	57,046	52,292	109,338	40,749	3,780	64,809	49,629	114,438	43,326	3,679
1971	67,433	52,589	120,022	49,087	5,074	65,861	45,923	111,784	45,908	3,369
1972	62,507	47,654	110,161	45,108	4,336	60,717	43,174	103,891	41,203	3,508
1973	59,180	46,195	105,375	40,292	5,112	59,971	42,004	101,975	36,878	3,991
1974	61,106	45,075	106,181	41,183	5,561	59,437	38,879	98,316	40,194	3,060
1975	55,062	35,534	90,596	37,853	4,578	48,165	35.772	83,937	31.670	2,665
1976	49,602	41,379	90,981	34,693	3,645	52,643	[3] 41,905	94,548	[3] 36,415	[3] 3,148
1977[3]	54,985									

[1] December previous year. [2] Includes imports, exports, death loss, farm slaughter, etc. [3] Forecast.

How low hog prices slip will depend in part on the farm-retail price spread. Price spreads usually widen when farm prices are falling. Retail price adjustments normally lag price changes at the farm level. The marketing spread is expected to continue relatively wide over the next several months. However, with the volume of slaughter increasing, unit costs of processing and marketing should decrease, allowing some shrinkage of the margin between farm and retail prices. This margin could begin to narrow early next year and absorb some of the downward pressure on hog prices.

Hog-corn price ratio, Omaha basis

Month	1972	1973	1974	1975	1976
January	19.7	21.5	14.8	12.6	18.6
February ...	20.6	23.3	13.4	14.1	18.6
March	19.0	25.4	12.5	14.3	17.7
April	18.2	23.4	12.1	14.1	18.3
May	19.7	19.5	10.2	16.4	17.7
June	21.5	16.9	10.0	17.9	17.6
July	22.8	19.9	11.2	19.4	16.9
August	23.5	20.8	10.5	18.6	
September ..	22.6	18.4	10.3	20.7	
October	21.8	17.8	10.6	21.2	
November ..	20.6	16.9	11.0	19.4	
December ..	20.5	15.7	11.8	18.5	
Average ...	20.6	19.3	11.3	16.9	

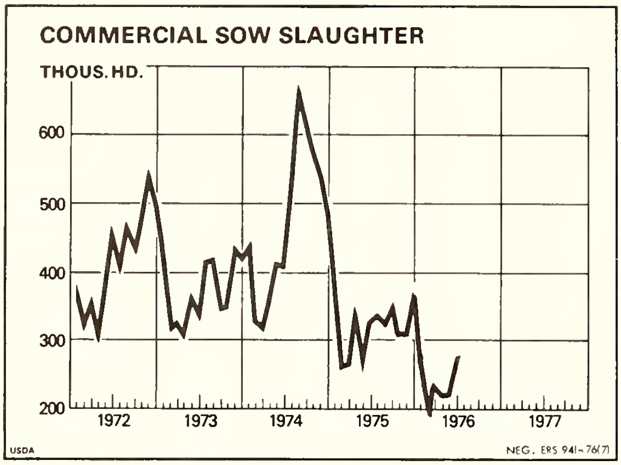
Upturn in Production to Continue in 1977

If hog producers carry out reported plans, the fall pig crop could be 18 percent larger than in 1975. Actual farrowings may differ somewhat from the indicated level. But intentions should provide a good indication of direction and general level of farrowings, unless there are substantial changes in either feed costs or hog prices. Producers in the 14 quarterly States reported plans to increase by 16 percent the number of sows farrowing during June-August. Gilts added to the breeding herd boosted the breeding inventory in these States by 12 percent over last year. With the reported buildup in the breeding herd, producers likely will meet intentions. Pigs farrowed during this period will supply most of the slaughter stock marketed during the winter quarter. The current outlook would point to a slaughter of over 20 million head, a gain of 16 to 18 percent over the winter quarter of 1975.

Breeding decisions for the fall quarter pig crop are behind us; thus, potential slaughter levels through the second quarter of next year are largely determined. The initial producer response points to a 19-percent increase in farrowings for this quarter. The September-November pig crop will move to slaughter next spring.

The decision period for the September-November pig crop is the months of May through July. During most of this period the hog market was quite stable with favorable margins for farrow-to-finish operations. Rapid expansion in livestock and poultry feeding and strong export demand for feed grains have pushed corn prices higher in spite of the record 1975/76 crop. But seasonally stronger hog prices were largely offsetting. The sharp runup in the price of soybean meal for use as a protein supplement for livestock feeds, however, may have tempered plans for expansion. Ample time remained following the June survey for producers to alter production plans for this pig crop.

If producers proceed with their surveyed intentions, the 1977 hog supply situation could parallel that of 1974 with around 40 million head of hogs moving to slaughter during the first 6 months of the year. Producer intentions place the number of sows farrowing at approximately 5.8 million



head for the June-November period this year. June-November 1973 farrowings were only 1 percent larger. Using trend to compute the number of pigs per litter, the pig crop would exceed that of 1973.

Market hog prices averaged $33 per 100 pounds through the first half of 1974. The potential increase in slaughter next year will likely be large enough to push 1977 hog prices well below the first half of 1976. But with an improving economy, gains in employment and growth in consumer incomes, and some recovery in the fed cattle market, hog prices should hold above the 1974 level, possibly averaging in the upper $30's.

It is difficult to estimate how long pork producers will continue to expand. The turnaround in farrowings began with a 16-percent jump in the December-February pig crop and was faster than anticipated. Pork producers also reacted quickly to the unfavorable hog prices and high grain prices in 1974 when hog inventories were cut more than 10 million head within a year.

Hog prices per 100 pounds, 7 markets[1]

Month	Barrows and gilts			Sows		
	1974	1975	1976	1974	1975	1976
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	40.59	38.93	48.40	33.93	35.01	40.48
Feb.	39.73	39.61	48.85	34.21	36.52	44.03
Mar.	34.88	39.52	46.71	31.42	36.58	42.24
Apr.	30.52	40.69	47.89	26.60	37.00	42.88
May	26.09	46.44	48.89	21.52	41.12	43.20
June	27.40	51.19	50.80	21.37	44.28	43.21
July	36.31	57.17	48.26	28.12	49.74	40.83
Aug.	37.67	58.10		29.76	51.89	
Sept.	35.79	61.23		29.04	54.56	
Oct.	38.90	58.52		33.42	51.94	
Nov.	38.34	49.74		33.57	42.25	
Dec.	39.93	48.33		33.78	38.50	
Av.	35.12	48.32		29.92	43.65	

[1] Average for all weights at Midwest markets.

A critical variable is the relative profitability of livestock feeding versus the cash grain market. The sharp reduction in hog numbers beginning in the summer of 1974 was not necessarily due to lack of profits in hogs, but rather to short supplies and high corn prices which provided a profitable alternative in the cash grain market to the risks associated with feeding hogs.

On June 30 of this year farmers reported an increase in the planted corn acreage of about 6 million acres. The July crop report projects a 6½ bil-

Gross hog feeding margins[1]

Year	Hogs 7 markets	Feeder pigs So. Missouri	Margins
	$ per head	*$ per head*	*$ per head*
1973			
January	71.59	27.85	43.74
February	79.71	28.63	51.08
March	83.89	26.50	57.39
April	78.23	25.56	52.67
May	79.97	26.38	53.59
June	84.81	33.60	51.21
July	102.61	38.69	63.92
August	124.70	34.97	89.73
September	96.34	34.81	61.53
October	92.66	31.90	60.76
November	90.13	40.81	49.32
December	87.54	45.50	42.04
1974			
January	89.30	36.75	52.55
February	87.41	38.25	49.16
March	76.74	37.10	39.64
April	67.14	32.33	34.81
May	57.40	34.70	22.70
June	60.28	33.25	27.03
July	79.88	32.50	47.38
August	82.87	32.18	50.69
September	78.74	22.10	56.64
October	85.58	17.31	68.27
November	84.35	20.31	64.04
December	87.85	19.44	68.41
1975			
January	85.65	18.75	66.90
February	87.14	24.10	63.04
March	86.94	21.13	65.81
April	89.52	25.75	63.77
May	102.17	30.10	72.07
June	112.62	35.75	76.87
July	125.77	39.75	86.02
August	127.82	43.05	84.77
September	134.71	44.00	90.71
October	128.74	44.65	84.09
November	109.43	44.10	65.33
December	106.33	46.75	59.58
1976			
January	106.48	59.81	46.67
February	107.47	56.55	50.92
March	102.76	48.94	53.82
April	105.36	44.19	61.17
May	107.56	48.38	59.18
June	111.76	50.16	61.60
July	106.17	48.80	57.37

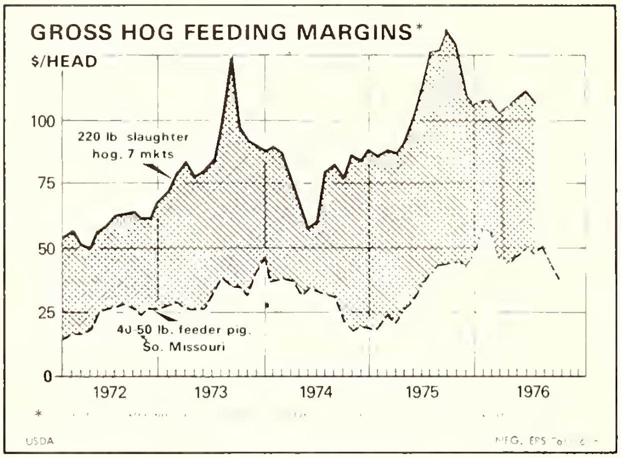
[1] Current 220 lb. Slaughter Hog compared with a 40-50 lb. Feeder Pig purchased 4 months earlier.

Table 7—Corn Belt Hog Feeding[1]

Selected costs at current rates[2]

Purchased during Marketed during	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan. 76	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. 76 May	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses:																
40 lb. feeder pig	43.05	44.00	44.65	44.10	46.75	59.81	56.55	48.94	44.19	48.38	50.16	48.80	51.28	44.57	38.85	30.45
Corn (11 bu.)	29.48	29.26	29.48	29.92	32.56	30.36	28.16	25.52	25.74	26.62	27.28	27.50	27.06	29.04	30.25	31.13
Protein supplement (130 lb.)	13.06	12.87	13.00	13.06	13.72	13.91	13.78	13.13	13.39	13.52	13.58	13.65	13.65	14.30	17.16	18.07
Labor & management (1.3 hrs.)	5.46	5.46	5.46	5.69	5.69	5.69	6.37	6.37	6.37	6.37	6.66	6.66	6.66	6.71	6.71	6.71
Vet medicine[3]	1.47	1.49	1.50	1.51	1.51	1.53	1.53	1.53	1.53	1.53	1.54	1.55	1.55	1.55	1.57	1.57
Interest on purchase (4 mo.)	1.43	1.47	1.49	1.47	1.48	1.86	1.79	1.47	1.33	1.45	1.50	1.46	1.54	1.34	1.17	.91
Power, equip, fuel, shelter, depreciation[3]	3.58	3.61	3.64	3.66	3.68	3.72	3.71	3.71	3.73	3.72	3.74	3.76	3.78	3.78	3.82	3.82
Death loss (4% of purchase)	1.72	1.76	1.79	1.76	1.87	2.39	2.26	1.96	1.77	1.94	2.01	1.95	2.05	1.78	1.55	1.22
Transportation (100 miles)	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48	.48
Marketing expenses	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Miscellaneous & indirect costs[3]	.37	.37	.37	.38	.38	.38	.38	.38	.38	.38	.38	.38	.39	.39	.39	.39
Total	101.24	101.91	103.00	103.17	109.26	121.27	116.15	104.63	100.05	105.53	108.47	107.33	109.58	105.08	103.09	95.89
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (220 lb.)	38.90	39.15	39.60	39.58	42.29	47.31	44.77	39.81	37.87	40.24	41.37	40.89	41.81	39.96	39.21	36.20
Selling price/cwt. required to cover all costs (220 lb.)	46.02	46.32	46.82	46.90	49.66	55.12	52.80	47.56	45.48	47.97	49.30	48.79	49.81	47.76	46.86	43.59
Feed cost per 100 lb. gain	23.63	23.41	23.60	23.88	25.71	24.59	23.30	21.47	21.74	22.30	22.70	22.86	22.62	24.08	26.34	27.33
Barrows and gilts 7 markets/cwt.	58.10	61.23	58.52	49.74	48.33	48.40	48.85	46.71	47.89	48.89	50.80	48.26				
Net margin/cwt.	+12.08	+14.91	+11.70	+2.84	-1.33	-6.72	-3.95	-.85	+2.41	+.92	+1.50	-.53				
Prices:																
40 lb. feeder pig (So. Missouri)	43.05	44.00	44.65	44.10	46.75	59.81	56.55	48.94	44.19	48.38	50.16	48.80	51.28	44.57	38.85	30.45
Corn[4]/(bu.)	2.68	2.66	2.68	2.72	2.96	2.76	2.56	2.32	2.34	2.42	2.48	2.50	2.46	2.64	2.75	2.83
38-42% protein supp.[5]/cwt.	10.05	9.90	10.00	10.05	10.55	10.70	10.60	10.10	10.30	10.40	10.45	10.50	10.50	11.00	13.20	13.90
Labor and management[6]/hr.	4.20	4.20	4.20	4.38	4.38	4.38	4.90	4.90	4.90	4.90	5.12	5.12	5.12	5.16	5.16	5.16
Interest rate (annual)	10.00	10.00	10.00	10.00	9.50	9.50	9.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Transportation rate/cwt. 100 miles)[7]	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
Index of prices paid by farmers (1910-14=100)	621	627	632	636	639	645	644	644	647	645	649	652	656	656	663	664

[1] Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. [2] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [3] Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Average prices paid by farmers in Iowa and Illinois. [6] Assumes an owner-operator receiving twice the farm labor rate. [7] Converted to cents/cwt. from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.



lion bushel corn crop—up a tenth from last year's record 5.8 billion bushel crop. If crops are large—both domestic and world—and the farm price of corn slips much below $2.50 per bushel before the end of the year, the prospective price relationship between cash grain and hogs would provide the livestock-feed grain producer with a fairly clear incentive to expand hog production.

If corn prices this fall were to approach or dip below their cost of producing corn, livestock-feed grain producers with the flexibility to alter their marketing practices may try to improve their returns by marketing grain through expanded livestock feeding.

While projections are very tentative and are tied at least in part to developments in the crop sector, the assumptions outlined above point to an increase of 10 to 15 percent in the 1977 spring pig crop. Most of these hogs would be slaughtered during the second half of next year. This suggests an increase in slaughter for 1977 of around 15 percent, which would only offset production cuts made during 1975.

If grain supplies remain tight, with prices holding near current levels through this fall, hog producers would find themselves in a cost-price squeeze which could then result in a downturn in production beginning in the second half of 1977.

Feeder Pig Prices Continue Lower, Feed Costs Up Sharply

Feeder pig prices failed to keep pace with the slaughter hog market this spring and early summer with prices trending steadily lower. In mid-April 40 to 50 pound feeder pigs on southern Missouri markets were returning an average of $54 per head. By late July prices had slipped to around $30 per head. The slaughter market was following an upward trend during much of this period. The wider margin between market hog and feeder pig prices reflects the sharp escalation in feeding costs and the prospect of larger pork production in the second half of 1976. Corn prices were pushed higher as old crop corn supplies were drawn down by heavy domestic use and renewed foreign demand. Soybean meal prices jumped about 50 percent from last April.

Feeder pig prices will continue sensitive to developments in the grain market. This is particularly true in the near term as the 1976 grain crop develops. But, if the harvest meets current expectations and prices follow the pattern outlined, feeder pig prices could be maintained near their current level for the remainder of 1976. While lower prices for market hogs will put some pressure on feeder pig prices this fall, lower grain prices may be largely offsetting. The following table provides an estimate of maximum feeder pig prices which would allow a breakeven position given various price levels for corn and market hogs.

Maximum feeder pig prices with given various levels of corn and market hog prices[1]

Corn (Farm price)	Market hogs, $ per 100 cwt.					
	30	35	40	45	50	55
$bu.	*Feeder pigs, $ per hd.*					
1.75	13	24	35	46	57	68
2.00	10	21	32	43	54	65
2.25	7	18	29	40	51	62
2.50	5	16	27	38	49	60
2.75	2	13	24	35	46	57
3.00	—	10	21	32	43	54
3.25	—	—	18	29	40	51
3.50	—	—	16	27	38	49

[1] Assuming protein and other costs at June 1976 levels. (See hog feeding table).

SHEEP AND LAMBS

Commercial slaughter of sheep and lambs through June of this year totaled less than 3½ million head, 15 percent fewer than were slaughtered through mid-1975. Spring slaughter dipped below 1.6 million head—trailing the winter quarter by about a tenth and the year-earlier level by around 20 percent.

Slaughter stock during the winter quarter consists primarily of old crop fed lambs and cull breeding animals. Spring slaughter is drawn largely from the inventory of lambs under 1 year of age on farms January 1. These lambs numbered 1.7 million head, 11 percent fewer than on January 1 of last year. Also contributing to spring slaughter were new crop lambs on farms at the beginning of the year. These lambs are not included in the January 1 count of total sheep and lambs. An increase of 5 percent in the early lamb crop was reported. The lamb inventory as outlined would support a slaughter rate above that observed. Increased holdback of ewe lambs from the early 1976 crop to add to breeding herds could account for part of the reduction.

Slaughter lamb prices advanced sharply with the seasonally lighter slaughter supply this spring. At a seasonal peak Choice spring slaughter lambs topped $60 per 100 pounds. The seasonal downslide in prices was equally dramatic. Price declines that began in late May continued through June, with weekly prices at San Angelo slipping into the mid-$40's. Slaughter lambs at five markets averaged above $56 per hundredweight for the spring quarter, $7 above the winter average.

Slaughter to Increase Seasonally, Prices May Slip

Slaughter is expected to increase seasonally during the second half of the year. July-September slaughter may be up a tenth from the spring level. Weekly slaughter rates continued near the late spring level through the first weeks of the summer quarter. But gains likely during August and September should result in an average federally inspected slaughter of around 130,000 to 135,000 head per week. The weekly average during the spring quarter was just under 120,000 head.

Slaughter may be off seasonally during the fall with a seasonal drop of 2 to 3 percent from the third quarter likely. While slaughter may reach a seasonal peak during October, declines during November and December should pull the quarterly total below the summer level.

Lamb prices are expected to ease during the second half under pressure of seasonally increased slaughter. Average prices for slaughter lambs likely will be in the mid- to upper-$40's during the summer with continued price weakness likely

Choice lamb prices per 100 pounds, San Angelo

Month	Slaughter lambs			Feeder lambs		
	1974	1975	1976	1974	1975	1976
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	39.50	38.25	49.25	39.55	34.12	48.38
Feb.	40.75	39.31	49.00	38.12	35.31	49.69
Mar.	40.38	45.88	56.25	40.88	43.50	56.30
Apr.	42.25	46.65	62.95	41.56	43.65	62.71
May	47.15	47.62	62.12	42.00	43.00	59.56
June	46.25	46.06	50.81	37.08	39.69	48.56
July	37.94	45.25	47.81	31.25	40.25	49.38
Aug.	42.50	40.75		32.58	38.75	
Sept.........	36.12	43.50		30.75	41.25	
Oct.	36.44	44.50		31.75	42.62	
Nov.	37.58	46.83		36.25	46.33	
Dec.	39.25	48.75		36.42	48.38	
Av.	40.51	44.45		36.52	41.40	

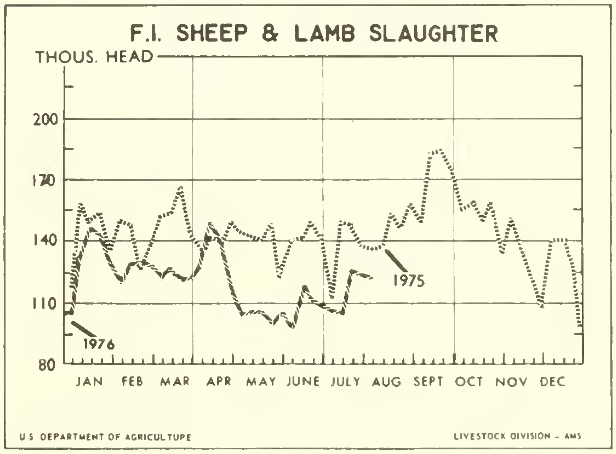


Table 8—Balance sheet for sheep and lambs, United States, 1960 to date

Year	On farms Jan. 1	Lamb crop	Net exports	Slaughter	Deaths	Adjustment factor	On farms Dec. 31
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*
1960	33,170	21,012	-13	16,240	4,590	-640	32,725
1961	32,725	20,782	+27	17,537	4,499	-475	30,969
1962	30,969	19,712	+16	17,168	4,437	+116	29,176
1963	29,176	18,516	+28	16,147	4,157	-244	27,116
1964	27,116	16,994	+10	14,895	4,062	-16	25,127
1965	25,127	16,312	+6	13,300	3,910	+511	24,734
1966	24,734	15,881	+51	13,003	3,614	+6	23,953
1967	23,953	15,017	+108	13,035	3,629	+25	22,223
1968	22,223	14,444	+91	12,119	3,369	+262	21,350
1969	21,350	13,723	+83	10,923	3,382	-262	20,423
1970	20,423	13,439	+121	10,802	3,116	-137	19,686
1971	19,686	12,930	+208	10,966	2,964	+232	18,710
1972	18,710	12,537	+146	10,525	2,907	+55	17,724
1973	17,724	11,513	+195	9,798	2,882	+32	16,394
1974	16,394	10,508	+290	9,073	2,678	-349	14,512
1975	14,512	9,820	+336	8,057	2,487	-106	13,346
1976[1]...............	13,346	8,856	+330	7,100	2,290		12.3-12.6

[1] Forecast.

Table 9— Lamb supplies and prices

	Commercial slaughter[1]			Average dressed weight	Commercial production	Per capita consumption[2]	Prices			
	Lambs and yearlings	Sheep	Total				Retail	San Angelo Choice slaughter	San Angelo Choice feeder	Farm
	1,000 head	*1,000 head*	*1,000 head*	*Lb.*	*Mil. lb.*	*Lb.*	*Cents per lb.*	*Dollars per/cwt*	*Dollars per/cwt*	*Dollars per/cwt*
1971										
I	2,586	140	2,726	54	145	0.8	106.5	25.41	25.60	24.17
II	2,365	265	2,630	51	133	.8	108.3	29.60	26.62	27.30
III	2,424	247	2,671	49	129	.8	111.8	27.63	25.13	26.80
IV	2,497	206	2,703	51	137	.7	112.2	26.00	26.11	25.33
Year	9,872	858	10.730	51	544	3.1	109.7	27.16	25.86	25.90
1972										
I	2,544	116	2,660	54	142	.8	114.6	29.29	29.44	27.93
II	2,330	170	2,500	52	130	.9	116.9	32.92	31.45	29.90
III	2,328	202	2,530	49	124	.9	121.2	31.42	29.71	30.23
IV	2,396	214	2,610	53	137	.7	122.6	29.18	30.36	28.17
Year	9,598	702	10,300	52	533	3.3	118.8	30.70	30.24	29.10
1973										
I	2,240	76	2,316	54	126	.7	130.6	38.65	38.70	35.70
II	2,164	205	2,369	54	127	.7	134.0	38.22	37.37	34.97
III	2,237	305	2,542	51	128	.7	139.7	38.36	35.90	36.77
IV	2,116	254	2,370	52	123	.6	132.7	37.55	36.69	33.90
Year	8,757	840	9,597	53	504	2.7	134.3	38.20	37.17	35.10
1974										
I	2,082	108	2,190	54	119	.6	137.6	40.21	39.52	38.17
II	1,972	140	2,112	52	109	.6	139.7	45.22	40.21	40.43
III	2,214	199	2,413	49	118	.6	152.3	38.85	31.53	36.20
IV	1,991	141	2,132	51	108	.5	153.3	37.76	34.81	34.83
Year	8,259	588	8,847	51	454	2.3	145.7	40.51	36.52	37.00
1975										
I	1,879	65	1,944	52	101	.5	155.9	41.15	37.64	38.17
II	1,773	152	1,925	50	96	.5	163.9	46.78	42.11	44.50
III	1,922	169	2,091	50	104	.5	174.7	43.17	40.08	41.17
IV	1,681	194	1,875	52	98	.5	176.2	46.69	45.78	44.37
Year	7,255	580	7,835	51	399	2.0	167.6	44.45	41.40	42.10
1976										
I	1,647	69	1,716	55	95	.5	179.3	51.50	51.46	48.07
II	1.423	138	1,561	53	82	.4	188.2	58.63	56.94	55.30
III										
IV										
Year										

[1] Classes estimated. [2] Total, including Farm Population.

during the early fall. Prices may reach a low in October or early November when slaughter normally peaks. This could lower the average price for the fall quarter into the mid-$40's. A seasonal upturn in the market, however, might result in lambs again selling near $50 by yearend. Feeder lamb prices will closely parallel the slaughter lamb market. Prices may average in the mid- to upper-$40's during the summer but slip lower during early fall. A stronger market is likely late in the fall quarter—perhaps in the upper-$40's.

Prices through the second half of this year will be influenced by weather and range conditions and by the effect these have on marketing patterns and the finish weights of slaughter animals. Live weights normally reach a seasonal low during the summer when milk fat lambs become the dominant source of slaughter supplies. The availability of feed grains will have a significant impact on finish weights during the fall quarter when fed lamb marketings increase. With a favorable outlook for the 1976 grain harvest, feeding activity should gain momentum late in the fourth quarter and average weights may exceed 1975 levels. The current outlook is for commercial production to total approximately 95 million pounds in each of the last two quarters. Commercial lamb and mutton production for the year would then total around 370 million pounds, 6 to 8 percent under 1975.

1976 Lamb Crop Smaller

The 1976 lamb crop is estimated at 8.9 million head, down 10 percent from a year earlier. This corresponds with a 7-percent reduction in the number of ewes 1 year old and older on farms January 1 of this year. The lambing rate (number of lambs saved per 100 ewes 1 year and older on hand January 1) was 95, well below last year's record of 98 lambs saved.

The sharp reduction in slaughter and record high lamb prices this year may help slow the decline in the sheep and lamb inventory after 15 years of cutbacks. If total slaughter for 1976 is reduced 10 to 12 percent from 1975 and death losses are reduced in the same proportion as the total inventory this January 1, the decline in the 1977 inventory could be limited to 5-7 percent.

A reduction in the 1977 beginning inventory points to a continued reduction in slaughter for the coming year. Judging from the past relationship between the January 1 inventory and commercial slaughter, the 1977 slaughter total could be reduced by less than 5 percent.

MEAT CONSUMPTION AND PRICES

First half 1976 red meat production was 18.9 billion pounds, up 5 percent from the first half of 1975. The 10-percent increase in beef and veal production more than offset the 5-percent decline in pork output and a 10-percent decline in lamb and mutton production.

Reflecting larger meat supplies, the BLS retail meat price index trended generally lower from the

Table 10—Expenditures per person and percent of income spent for red meat[1]

Year and quarter	Disposable income	Spent for beef[2]	Percentage	Spent for pork	Percentage	Spent for veal	Percentage	Spent for lamb	Percentage	Spent for all meat	Percentage
	Dollars	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*
1955	1,654	42.75	2.58	33.27	2.01	4.99	0.30	2.73	0.17	83.76	5.06
1960	1,934	51.57	2.67	33.76	1.75	4.10	.21	3.11	.16	92.54	4.79
1965	2,430	58.95	2.43	35.93	1.48	3.58	.15	2.61	.11	101.07	4.16
1970	3,348	82.92	2.48	48.20	1.44	2.98	.09	3.06	.09	137.16	4.10
1971											
I	877	20.54	2.34	11.76	1.34	.78	.09	.75	.09	33.83	3.86
II	895	21.80	2.44	11.42	1.28	.67	.07	.76	.08	34.65	3.87
III	902	22.87	2.53	11.91	1.32	.70	.08	.78	.09	36.26	4.02
IV	913	21.96	2.41	12.65	1.39	.84	.09	.79	.09	36.24	3.97
Year	3,588	87.11	2.43	47.74	1.33	2.98	.08	3.07	.09	140.90	3.93
1972											
I	931	23.91	2.57	13.04	1.40	.74	.08	.80	.09	38.49	4.13
II	943	24.03	2.55	12.31	1.31	.61	.06	.94	.10	37.89	4.02
III	964	25.02	2.60	12.66	1.31	.63	.07	.97	.10	39.28	4.08
IV	999	24.79	2.48	14.12	1.41	.80	.08	.74	.07	40.45	4.05
Year	3,837	97.75	2.55	52.17	1.36	2.77	.07	3.45	.09	156.14	4.07
1973											
I	1,033	26.74	2.59	14.62	1.42	.85	.08	.91	.09	43.12	4.17
II	1,060	26.35	2.48	14.74	1.39	.54	.05	.80	.08	42.43	4.00
III	1,082	28.08	2.60	15.83	1.46	.56	.05	.84	.08	45.31	4.19
IV	1,111	28.64	2.58	17.53	1.58	.76	.07	.66	.06	47.59	4.29
Year	4,286	109.89	2.56	62.90	1.47	2.73	.06	3.22	.08	178.74	4.17
1974											
I	1,122	30.33	2.70	17.86	1.59	.79	.07	.69	.06	49.67	4.42
II	1,145	28.65	2.50	15.89	1.39	.58	.05	.70	.06	45.82	4.00
III	1,176	30.74	2.62	16.11	1.37	.97	.08	.76	.06	48.58	4.13
IV	1,195	30.13	2.52	17.09	1.43	1.33	.11	.77	.06	49.32	4.13
Year	4,639	119.92	2.59	66.98	1.45	3.69	.08	2.91	.06	193.50	4.17
1975											
I	1,202	29.03	2.42	16.02	1.33	1.47	.12	.78	.06	47.30	3.94
II	1,276	30.76	2.41	16.13	1.27	1.46	.11	.66	.05	49.01	3.84
III	1,276	35,03	2.75	17.01	1.33	1.82	.14	.70	.06	54.56	4.28
IV	1,307	34.97	2.69	19.18	1.48	1.77	.14	.88	.07	56.80	4.37
Year	5,060	129.79	2.58	68.85	1.37	6.52	.13	3.02	.06	208.18	4.13
1976											
I	1.337	34.39	2.57	18.40	1.37	1.56	.12	.90	.07	55.25	4.13
II	1.363	32.55	2.39	17.04	1.25	1.39	.10	.75	.06	51.73	3.80

[1] Estimated from retail weight of consumption times average retail price. Conversion factors of 0.74 for beef, 0.93 for pork, 0.83 for veal, and 0.89 for lamb and mutton were used to adjust carcass weight consumption to retail weight consumption.

[2] Based on the average retail price of Choice grade beef and does not attempt to account for prices of other grades or the value of away-from-home consumption.

October 1975 peaks through April this year before turning up again in May and June. Although meat prices during January-June averaged 5 percent below the last half of 1975, they were 10 percent higher than in the first half of last year. While fed cattle prices during the first half of this year averaged below a year ago, the retail beef and veal price index averaged 4 percent higher. First half 1976 retail pork prices were down 7 percent from the last half of 1975, but still averaged 18 percent higher than in the first half of last year.

Record beef production so far this year helped to boost total red meat consumption to the highest level since 1972. Broiler production during January-June was also at a record level. Even with restricted pork supplies, first quarter red meat consumption totaled over 48 pounds per person (carcass weight), the largest quarter since the summer of 1971. Second quarter meat consumption fell almost 3 pounds below the first quarter level, but remained almost 2 pounds per capita above a year earlier.

Retail meat prices will average below year-earlier levels through the balance of 1976. Some seasonal increases in beef and veal prices will be offset by lower trending pork prices. If meat pro-

Table 11—Per capita meat consumption by quarters[1]

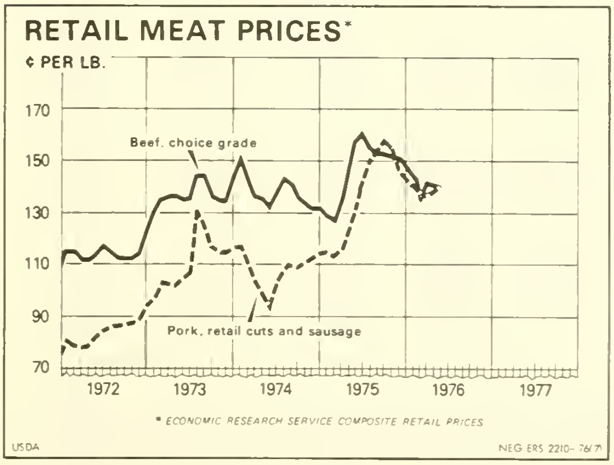
Year	Carcass weight					Retail weight				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Beef										
1969	27.2	26.7	28.6	28.3	110.8	20.2	19.7	21.2	20.9	82.0
1970	28.3	27.9	29.0	28.5	113.7	20.9	20.6	21.5	21.1	84.1
1971	27.7	28.1	29.3	27.9	113.0	20.5	20.8	21.7	20.6	83.6
1972	28.2	28.9	29.4	29.6	116.1	20.9	21.4	21.7	21.9	85.9
1973	28.0	26.2	26.8	28.6	109.6	20.7	19.4	19.8	21.2	81.1
1974	28.3	28.8	29.4	30.3	116.8	20.9	21.3	21.8	22.4	86.4
1975	30.3	28.4	30.2	31.2	120.1	22.4	21.0	22.4	23.1	88.9
1976[2]	32.7	31.1	32.2	30.9	126.9	24.2	23.0	23.8	22.9	93.9
Veal										
1969	0.9	0.8	0.8	0.8	3.3	0.7	0.6	0.7	0.7	2.7
1970	.8	.7	.7	.7	2.9	.6	.6	.6	.6	2.4
1971	.7	.6	.7	.7	2.7	.6	.5	.5	.6	2.2
1972	.6	.5	.5	.6	2.2	.5	.4	.4	.5	1.8
1973	.5	.4	.4	.5	1.8	.5	.3	.3	.4	1.5
1974	.5	.4	.6	.8	2.3	.4	.3	.5	.7	1.9
1975	.9	.9	1.2	1.2	4.2	.8	.8	1.0	1.0	3.6
1976[2]	1.1	.9	.9	.7	3.6	.9	.8	.7	.6	3.0
Pork										
1969	17.0	16.0	15.5	16.5	65.0	15.8	14.9	14.4	15.3	60.4
1970	15.4	15.6	16.3	19.1	66.4	14.3	14.5	15.2	17.8	61.8
1971	18.3	17.8	18.0	18.9	73.0	17.0	16.6	16.7	17.6	67.9
1972	17.7	16.6	15.8	17.3	67.4	16.5	15.4	14.7	16.1	62.7
1973	16.0	15.4	14.0	16.2	61.6	14.9	14.3	13.0	15.1	57.3
1974	16.7	17.2	16.1	16.6	66.6	15.5	16.0	15.0	15.4	61.9
1975	15.0	14.1	12.3	13.4	54.8	14.0	13.1	11.4	12.5	51.0
1976[2]	14.0	13.2	13.7	15.7	56.6	13.0	12.3	12.7	14.6	52.6
Lamb & Mutton										
1969	0.9	0.8	0.9	0.8	3.4	0.8	0.8	0.7	0.7	3.0
1970	.9	.9	.8	.7	3.3	.8	.8	.7	.6	2.9
1971	.8	.8	.8	.7	3.1	.7	.7	.7	.7	2.8
1972	.8	.9	.9	.7	3.3	.7	.8	.8	.6	2.9
1973	.7	.7	.7	.6	2.7	.7	.6	.6	.5	2.4
1974	.6	.6	.6	.5	2.3	.5	.5	.5	.5	2.0
1975	.5	.5	.5	.5	2.0	.5	.4	.4	.5	1.8
1976[2]	.5	.4	.5	.5	1.9	.5	.4	.4	.4	1.7
Red Meat										
1969	46.0	44.3	45.8	46.4	182.5	37.5	36.0	37.0	37.6	148.1
1970	45.4	45.1	46.8	49.0	186.3	36.6	36.5	38.0	40.1	151.2
1971	47.5	47.3	48.8	48.2	191.8	38.8	38.6	39.6	39.5	156.5
1972	47.3	46.9	46.6	48.2	189.0	38.6	38.0	37.6	39.1	153.3
1973	45.2	42.7	41.9	45.9	175.7	36.8	34.6	33.7	37.2	142.3
1974	46.1	47.0	46.7	48.2	188.0	37.3	38.1	37.8	39.0	152.2
1975	46.7	43.9	44.2	46.3	181.1	37.7	35.3	35.2	37.1	145.3
1976[2]	48.3	45.6	47.3	47.8	189.0	38.6	36.5	37.6	38.5	151.2

[1] Total consumption including farm, 50 States. [2] III, IV quarters forecast.

Table 12—Average retail price of meat per pound, United States, by months, 1968 to date[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
						Beef, Choice grade							
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9	105.1	106.3	108.5	104.3
1972	111.5	115.8	115.8	112.0	111.4	113.5	117.3	115.8	112.9	112.8	112.3	114.6	113.8
1973	122.1	130.3	135.3	136.0	136.0	135.5	136.3	144.2	144.9	136.0	134.9	134.4	135.5
1974	143.0	150.0	142.2	136.4	135.0	132.2	137.9	143.4	141.6	136.8	134.4	132.2	138.8
1975	132.8	129.0	127.0	133.9	147.8	157.8	161.0	155.5	152.8	152.4	151.2	150.6	146.0
1976	148.6	142.7	135.1	142.0	141.7	140.8							
						Veal, retail cuts							
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.4	199.1	194.8	193.3	193.7	192.4	194.8	196.1	192.4	189.1	190.6	194.1
1975	187.0	183.5	179.6	180.2	182.9	183.1	186.6	181.6	178.2	176.8	176.7	177.4	181.1
1976	174.4	173.7	173.2	171.5	173.6	176.8							
						Pork							
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0	71.3	71.4	72.9	70.3
1972	76.3	81.3	79.4	78.2	79.4	82.0	85.6	86.0	86.6	87.5	87.2	88.5	83.2
1973	94.1	97.1	103.0	102.7	102.4	104.1	107.5	131.5	126.3	117.1	115.4	115.8	109.8
1974	116.7	117.2	111.8	104.7	99.4	93.7	103.7	108.7	109.9	109.0	111.4	112.7	108.2
1975	114.9	114.8	113.6	115.7	123.0	130.5	143.7	150.2	153.8	158.7	154.0	147.5	135.0
1976	144.2	141.6	138.7	136.6	138.6	140.4							
						Lamb, Choice grade							
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	113.0	109.7
1972	113.0	115.3	115.5	116.0	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.8
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	138.2	141.9	141.3	141.8	144.4	151.4	151.5	154.1	151.8	152.2	155.9	146.4
1975	156.0	157.1	154.5	158.2	164.2	169.2	174.9	173.5	175.7	175.0	176.5	177.0	167.6
1976	178.3	178.1	181.4	183.4	188.2	193.1							

[1] Estimated weighted average price of retail cuts. Compiled by Economic Research Service from BLS data.


RETAIL MEAT PRICES*

* ECONOMIC RESEARCH SERVICE COMPOSITE RETAIL PRICES

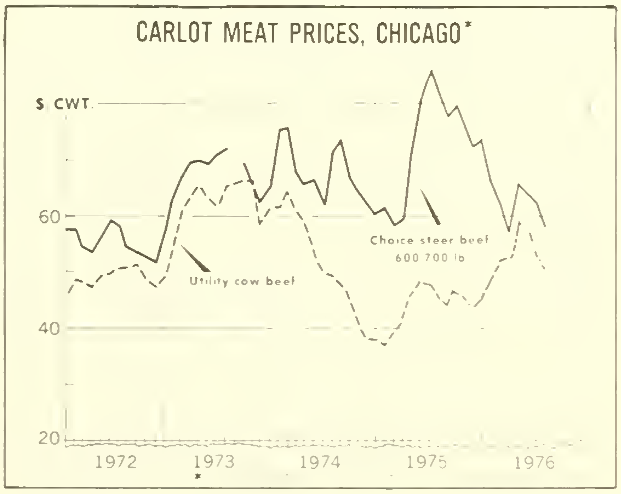

CARLOT MEAT PRICES, CHICAGO*

Table 13—Beef and Pork Prices and Price Spreads

Date	Retail price per pound[1]	Carcass value[2]	Gross farm value[3]	Byproduct allowance[4]	Net farm value[5]	Farm-retail spread			Farmers' share
						Total	Carcass-retail	Farm-carcass	
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Percent*
					Beef, Choice grade				
1970	98.6	68.3	66.2	4.7	61.5	37.1	30.3	6.8	62
1971	104.3	75.7	72.3	4.5	67.8	36.5	28.6	7.9	65
1972	113.8	80.1	79.8	7.4	72.4	41.4	33.7	7.7	64
1973	135.5	98.1	100.0	10.1	89.9	45.6	37.4	8.2	66
1974	138.8	97.4	93.7	7.6	86.1	52.7	41.4	11.3	62
1975	146.0	105.5	99.9	7.0	92.9	53.1	40.5	12.6	64
1972									
I	114.4	81.4	79.3	5.7	73.6	40.8	33.0	7.8	64
II	112.3	81.3	80.4	6.9	73.5	38.8	31.0	7.8	65
III	115.3	79.9	80.5	7.9	72.6	42.7	35.4	7.3	63
IV	113.2	77.8	78.9	8.9	70.0	43.2	35.4	7.8	62
1973									
I	129.2	95.2	96.6	9.3	87.3	41.9	34.0	7.9	68
II	135.8	100.2	102.7	10.0	92.7	43.1	35.6	7.5	68
III	141.8	104.9	110.4	11.6	98.8	43.0	36.9	6.1	70
IV	135.1	92.1	90.2	9.5	80.7	54.4	42.9	11.5	60
1974									
I	145.1	103.9	101.5	9.4	92.1	53.0	41.2	11.8	63
II	134.5	93.6	89.0	7.3	81.7	52.8	40.9	11.9	61
III	141.0	102.1	99.1	7.8	91.3	49.7	38.9	10.8	65
IV	134.5	90.2	85.4	6.1	79.3	55.2	44.3	10.9	59
1975									
I	129.6	86.6	80.3	5.1	75.2	54.4	43.0	11.4	58
II	146.5	113.4	108.4	7.1	101.3	45.2	33.1	12.1	69
III	156.4	115.4	108.8	7.9	100.9	55.5	41.0	14.5	65
IV	151.4	106.5	102.2	7.9	94.3	57.1	44.9	12.2	62
1976									
Jan.	148.6	96.4	91.2	7.7	83.5	65.1	52.2	12.9	57
Feb.	142.7	90.1	85.3	7.6	77.7	65.0	52.6	12.4	54
Mar.	135.1	82.8	79.7	7.9	71.8	63.3	52.3	11.0	53
Apr.	142.0	95.9	96.2	8.8	87.4	54.6	46.1	8.5	62
May	141.7	92.1	90.2	9.0	81.2	60.5	49.6	10.9	57
June	140.8	91.0	89.4	8.8	80.6	60.2	49.8	10.4	57
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									
					Pork				
1970	78.0	58.8	42.8	3.4	39.4	38.6	19.2	19.4	51
1971	70.3	52.1	35.0	2.7	32.3	38.0	18.2	19.8	46
1972	83.2	65.3	51.2	3.5	47.7	35.5	17.9	17.6	57
1973	109.8	87.3	78.2	6.7	71.5	38.3	22.5	15.8	65
1974	108.2	77.4	68.0	7.2	60.8	47.4	30.8	16.6	56
1975	135.0	103.8	94.8	7.9	86.9	48.1	31.2	16.9	64
1972									
I	79.0	61.4	47.0	3.3	43.7	35.3	17.6	17.7	55
II	79.9	61.1	47.5	3.3	44.2	35.7	18.8	16.9	55
III	86.1	67.2	55.2	3.8	51.4	34.7	18.9	15.8	60
IV	87.7	71.6	55.3	3.7	51.6	36.1	16.1	20.0	59
1973									
I	98.1	80.1	68.4	4.9	63.5	34.6	18.0	16.6	65
II	103.1	79.4	70.8	6.0	64.8	38.3	23.7	14.6	63
III	121.8	101.7	94.8	8.7	86.1	35.7	20.1	15.6	71
IV	116.1	87.9	78.9	7.4	71.5	44.6	28.2	16.4	62
1974									
I	115.2	82.3	73.8	7.7	66.1	49.1	32.9	16.2	57
II	99.3	66.4	53.2	5.3	47.9	51.4	32.9	18.5	48
III	107.4	77.6	70.1	7.3	62.8	44.6	29.8	14.8	58
IV	111.0	83.5	75.0	8.4	66.6	44.4	27.5	16.9	60
1975									
I	114.4	85.7	75.6	7.3	68.3	46.1	28.7	17.4	60
II	123.1	96.7	88.9	7.4	81.5	41.6	26.4	15.2	66
III	149.2	118.9	114.0	9.7	104.3	44.9	30.3	14.6	70
IV	153.4	113.9	100.9	7.3	93.6	59.8	39.5	20.3	61
1976									
Jan.	144.2	103.3	93.4	6.0	87.4	56.8	40.9	15.9	61
Feb.	141.6	101.5	94.3	6.5	87.8	53.8	40.1	13.7	62
Mar.	138.7	96.2	90.1	6.2	83.9	54.8	42.5	12.3	60
Apr.	136.6	98.6	92.4	6.2	86.2	50.4	38.0	12.4	63
May	138.6	101.4	94.4	6.2	88.2	50.4	37.2	13.2	64
June	140.4	101.8	98.1	6.4	91.7	48.7	38.6	10.1	65
July									
Aug.									
Sept.									
Oct.									
Nov.									
Dec.									

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[1] Estimated weighted average price of retail cuts. [2] For quantity equivalent to 1 lb. of retail cuts: Beef; 1.41 lb. of carcass beef; Pork: 1.07 lb. of wholesale cuts. [3] Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.28 lb.; Pork, 1.97 lb. [4] Portion of gross farm value attributed to edible and inedible byproducts. [5] Gross farm value minus byproduct allowance.

Table 14—Average retail price of specified meat cuts, per pound, by months, 1972 to date

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Beef:												
Porterhouse steak												
1972	176.3	180.8	181.3	177.8	175.3	180.1	187.1	187.3	184.9	180.2	182.0	179.7
1973	187.7	197.1	201.4	204.4	204.1	206.4	207.7	216.7	216.3	207.6	202.4	200.2
1974	201.3	214.7	211.5	206.0	204.1	206.6	205.8	220.2	226.6	216.4	212.0	207.8
1975	204.6	203.7	199.1	203.9	224.2	249.1	269.6	264.7	260.3	261.1	253.8	252.6
1976	253.7	241.4	235.0	227.9	242.3	243.2						
Round steak												
1972	143.9	151.0	151.3	147.4	143.7	145.9	151.0	150.7	147.1	145.9	147.7	146.6
1973	155.9	167.8	174.6	174.8	173.8	173.9	176.3	187.7	188.5	175.8	174.7	171.4
1974	176.7	193.4	187.3	178.8	175.6	174.9	174.0	182.9	185.9	178.7	177.8	171.0
1975	172.9	171.5	167.9	171.0	186.7	198.9	207.7	202.2	193.7	199.2	195.5	194.6
1976	197.0	185.7	180.4	176.2	179.6	177.5						
Rib roast												
1972	126.8	130.5	131.4	129.6	128.1	128.2	132.2	132.2	130.2	128.8	127.8	128.4
1973	137.2	142.3	148.6	150.9	152.4	153.4	154.4	160.1	161.5	157.8	154.5	153.8
1974	154.8	163.4	159.8	154.7	153.3	152.0	152.1	160.1	168.6	164.5	159.7	158.6
1975	160.7	157.3	154.9	155.9	167.8	184.0	206.2	200.3	194.4	191.8	189.6	192.2
1976	192.2	182.9	175.7	171.7	179.6	178.7						
Rump roast												
1972	141.0	148.1	149.1	146.0	142.1	145.3	149.3	150.1	147.0	145.7	146.3	145.8
1973	153.7	164.4	169.5	169.8	169.7	170.2	171.6	181.7	182.3	172.1	170.8	167.3
1974	171.8	186.9	182.0	174.8	172.2	171.6	170.5	177.2	180.8	174.3	174.5	169.9
1975	169.3	169.6	167.1	169.6	182.4	191.5	199.8	196.6	187.7	193.7	188.5	187.5
1976	191.2	181.8	177.0	173.7	172.5	170.4						
Chuck roast												
1972	79.1	84.2	85.1	83.0	80.7	79.8	83.5	84.6	82.2	81.2	81.1	81.1
1973	85.3	96.1	100.6	103.3	103.6	103.3	103.9	114.2	115.0	106.3	101.8	100.5
1974	101.0	114.7	113.0	102.7	97.4	95.0	95.4	102.2	105.0	101.2	99.5	98.2
1975	91.5	92.1	90.6	90.9	100.7	107.6	116.8	112.5	107.7	108.2	107.3	107.6
1976	103.5	102.0	99.2	92.5	99.7	98.7						
Hamburger												
1972	70.6	73.2	74.1	73.8	73.5	74.1	75.1	76.4	75.3	75.7	75.4	75.2
1973	78.2	83.9	91.3	94.2	94.6	95.3	94.8	103.8	106.2	104.2	101.5	100.4
1974	102.6	109.5	108.4	101.2	97.1	95.2	90.5	94.8	96.4	93.0	89.7	87.5
1975	85.4	82.8	80.5	80.5	86.7	90.6	93.8	92.7	90.1	90.8	90.4	88.8
1976	89.3	87.7	86.4	85.6	90.4	90.0						
Veal Cutlet												
1972	250.5	260.7	262.7	265.0	266.3	270.7	274.5	276.1	276.6	278.0	279.8	280.8
1973	284.6	295.7	308.5	314.0	314.1	313.5	315.9	324.6	323.4	326.2	327.4	326.0
1974	341.3	348.4	350.2	343.1	340.9	342.0	340.2	344.8	347.5	341.6	336.2	339.2
1975	328.1	323.0	317.2	319.2	325.1	326.4	333.5	325.9	320.9	319.5	320.4	322.7
1976	306.0	304.7	303.8	300.9	304.6	310.2						
Pork:												
Chops												
1972	112.3	125.1	119.9	116.8	115.6	120.7	131.6	128.9	132.5	131.3	130.9	129.3
1973	139.5	147.7	154.2	145.0	147.0	150.0	152.1	196.5	169.8	157.9	157.6	153.4
1974	162.7	164.0	158.5	149.7	143.7	139.8	153.9	158.9	164.5	161.9	161.2	159.0
1975	160.7	161.4	161.1	161.4	167.2	183.3	204.1	203.9	205.7	211.0	207.2	199.9
1976	190.2	192.8	191.8	184.8	187.1	192.0						
Roast, loin												
1972	79.5	86.9	85.5	82.8	82.1	85.1	93.1	92.1	93.1	93.2	93.3	92.0
1973	99.3	105.5	111.9	109.5	108.7	110.1	111.7	151.5	131.3	120.7	119.7	116.9
1974	122.9	123.9	121.1	111.7	107.5	102.9	113.3	117.6	121.6	119.8	119.1	117.2
1975	121.1	120.4	120.0	119.8	125.0	138.6	156.1	155.9	158.7	162.9	160.4	157.0
1976	149.8	151.2	150.0	142.4	146.0	146.7						
Bacon, sliced												
1972	83.2	93.9	92.7	92.5	91.2	93.1	95.7	99.4	99.8	106.0	103.7	103.5
1973	107.3	114.7	118.1	121.6	119.5	121.2	123.1	161.0	166.4	152.8	142.9	141.4
1974	139.1	143.4	137.1	124.8	118.1	109.7	108.9	132.6	140.6	141.6	143.8	144.2
1975	147.1	147.8	149.2	147.9	157.7	165.5	177.9	192.0	211.3	216.1	204.5	190.1
1976	176.7	176.1	170.4	170.3	174.4	175.8						
Ham, whole												
1972	74.9	76.6	77.8	76.7	75.2	76.3	77.5	78.0	78.6	79.9	81.9	85.5
1973	92.0	91.0	94.8	99.7	98.4	97.8	98.2	121.7	126.0	115.3	117.0	122.2
1974	121.3	115.9	114.2	108.9	97.3	92.6	89.9	99.0	101.1	102.7	108.8	113.8
1975	114.7	109.9	110.5	109.9	109.0	114.5	120.0	125.6	131.5	144.7	147.9	148.5
1976	152.0	142.9	140.0	139.4	137.9	137.3						
Lamb Chops												
1972	192.1	195.5	196.0	195.3	195.0	199.7	203.0	203.6	202.6	203.9	204.0	203.1
1973	205.3	218.1	225.5	227.5	226.6	224.5	228.8	241.4	240.8	227.1	223.4	230.1
1974	200.2	216.3	219.7	213.2	213.0	222.9	225.7	226.1	226.2	223.2	224.5	227.3
1975	252.1	254.8	255.3	256.2	264.4	275.3	280.4	282.3	283.3	282.9	283.2	283.4
1976	282.5	281.3	279.9	287.4	302.1	309.4						

Data from the Bureau of Labor Statistics.

duction meets expectations for the rest of this year, per capita red meat consumption this year will total near 189 pounds per person, up about 8 pounds from 1975 but near 1974's level.

Meat Expenditures Dip

Per capita red meat expenditures during April-June are estimated to be under $52, down almost $4 from the first quarter and only $2 more than a year earlier. Expenditure rates for the first half of 1976 would suggest a strong demand as consumers purchased more meat at higher prices than in the same period the year before. However, between the first and the second quarter, consumption rates fell about 7 percent along with a slight decline in retail prices.

Increased spending for durable goods and high expense items, which are often subtracted from the consumers' paycheck first, may be dampening the increase in income available for meat items. Unemployment rates also continue relatively high despite improved economic growth. These factors, however, may be short term in nature, and continued economic recovery and growth in consumer incomes likely will begin to exert more upward price pressure on meat later this year and in 1977.

FOREIGN TRADE

Table 15—U.S. customs service monitoring of meat subject to the meat import law, 1976[1]

Country	January	February	March	April	May	June	Jan.-July 17
	Thousand pounds	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*	*Thousand pounds*
Australia	74,190	44,963	64,988	42,776	49,097	58,790	367,894
Canada	880	4,193	14,590	6,605	7,355	11,290	48,236
Costa Rica	4,842	9,561	11,649	6,021	4,843	5,090	43,657
Dominican Republic	1,287	1,193	1,729	1,020	1,328	1,263	8,202
El Salvador	584	1,403	1,397	995	1,101	881	6,435
Guatemala	2,037	3,603	3,558	2,839	1,825	486	14,943
Haiti	192	111	117	200	80	80	858
Honduras	3,203	3,508	4,532	5,117	3,186	3,541	24,201
Ireland	593	352	1,702	649	858	—	4,154
Mexico	3,884	3,985	4,342	2,909	2,217	3,626	21,820
New Zealand	22,115	13,639	31,706	20,483	26,749	29,006	155,569
Nicaragua	3,127	4,787	5,952	4,541	5,686	5,924	30,226
Panama	683	909	1,179	544	90	8	3,413
Total[2]	117,617	92,207	147,444	94,699	104,415	119,985	729,608

[1] Fresh, frozen and chilled beef, veal, mutton and goat meat. Excludes canned meat and other prepared or preserved meat products. [2] May not add due to rounding.

Table 16—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-76

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
1959-63 average	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969[1]	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970[1]	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971[1]	83.4	65.1	88.3	86.2	76.8	101.0	94.4	104.9	158.6	80.4	63.2	130.3	1,132.6
1972[1]	86.9	80.8	75.4	105.4	107.9	106.4	106.8	164.6	163.8	145.1	119.0	93.4	1,355.5
1973[1]	106.2	98.4	88.3	97.9	113.1	91.5	106.0	153.7	110.3	149.9	130.0	110.3	1,355.6
1974[1]	118.0	82.3	104.9	91.4	80.6	78.6	59.4	101.4	91.8	72.3	93.2	105.2	1,079.1
1975	135.5	97.5	106.0	86.1	75.8	100.9	104.3	112.8	114.5	85.2	121.7	68.6	1,208.9
1976	120.2	74.6	125.2	114.2	124.2	132.1							

[1] Rejections for calendar year 1969 equaled 13.5 million pounds, 17.4 million pounds for 1970, 21.0 million pounds for 1971, 17.8 million pounds for 1972, 18.4 million pounds for 1973, and 9.6 for 1974.

Table 17—U.S. meat imports and exports and percentage comparisons (carcass weight), 1975 and 1976

Months	Beef and veal			Lamb and mutton[1]			Pork			Total meat		
	1975	1976	Change	1975	1976	Change	1975	1976	Change	1975	1976	Change
	Mil. lb.	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*
IMPORTS												
January	192	182	-5	1	2	+118	44	48	+9	237	232	-2
February	139	121	-13	2	3	+66	33	30	-9	174	154	-12
March	151	189	+26	2	2	+2	41	38	-8	194	229	+18
April	124	171	+38	3	2	-21	37	36	-4	164	209	+27
May	110	186	+69	1	4	+168	34	35	+5	145	225	+55
June	146	202	+38	2	7	+262	31	37	+21	179	246	+38
July	154			3			38			195		
August	167			4			26			197		
September	171			3			33			207		
October	137			2			39			178		
November	182			2			37			221		
December	109			2			36			147		
Total	1,782			27			429			2,238		
EXPORTS												
January	4,09	7,21	+77	0.39	0.24	-38	8.61	17.06	+98	13.09	24.51	+87
February	4.24	7.42	+75	.26	.29	+14	10.64	26.43	+148	15.14	34.14	+126
March	4.01	8.09	+101	.39	.38	-1	24.88	38.30	+54	29.28	46.77	+60
April	4.33	7.00	+62	.37	.39	+6	10.68	22.00	+106	15.38	29.39	+91
May	3.34	7.13	+114	.40	.31	-21	13.42	36.57	+172	17.16	44.01	+157
June	2.92	8.47	+190	.29	.38	+31	19.18	23.47	+22	22.39	32.32	+44
July	2.97			.37			23.74			27.08		
August	3.84			.26			22.18			26.28		
September	3.04			.28			18.99			22.31		
October	5.29			.37			17.14			22.80		
November	7.74			.27			19.36			27.37		
December	7.62			.29			22.25			30.16		
Total	53.43			3.94			211.07			268.44		

[1] Includes goat meat.

Supply and distribution of commercially produced meat, by months, carcass weight

Meat and period	Supply			Distribution				
	Production[1]	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption: Total	Civilian consumption: Per person[2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Pounds*
Beef:								
1975								
May	1,849	349	109	9	309	24	1,965	9.3
June	1,849	309	145	8	288	35	1,972	9.3
July	1,916	288	153	7	269	17	2,064	9.8
August	1,961	269	166	10	258	25	2,103	9.9
September	2,065	258	169	9	254	30	2,199	10.4
October	2,270	254	135	8	272	28	2,351	11.1
November	1,970	272	177	14	320	22	2,063	9.7
December	2,056	320	106	11	350	20	2,101	9.9
1976								
January	2,207	350	178	12	350	19	2,354	11.1
February	1,966	350	119	12	362	29	2,032	9.6
March	2,318	362	187	15	395	16	2,441	11.5
April	2,017	395	170	13	401	24	2,144	10.1
May	1,966	401	185	14	408	15	2,115	9.9
June	2,161	408	201	(15)	408	(15)	2,332	11.0
Veal:								
1975								
May	59	11	1	1	11	1	58	.3
June	63	11	1	1	9	(3)	65	.3
July	77	9	1	1	8	1	77	.4
August	73	8	1	2	9	1	70	.3
September	82	9	2	1	8	1	83	.4
October	95	8	2	2	9	1	93	.4
November	76	9	5	(3)	10	1	79	.4
December	76	10	3	1	11	1	76	.3
1976								
January	73	11	4	1	11	1	75	.4
February	62	11	2	1	10	1	63	.3
March	71	10	2	1	9	1	72	.3
April	59	9	1	1	10	1	57	.2
May	56	10	1	1	8	1	57	.3
June	63	8	1	(1)	8	(1)	62	.3
Lamb & Mutton:								
1975								
May	31	10	1	1	9	(3)	32	.2
June	31	9	2	1	7	(3)	34	.1
July	32	7	3	1	9	(3)	32	.1
August	32	9	4	1	10	(3)	34	.2
September	40	10	3	1	11	(3)	41	.2
October	38	11	2	1	11	(3)	39	.2
November	28	11	2	1	12	1	27	.1
December	32	12	2	(3)	12	(3)	34	.2
1976								
January	33	12	2	1	11	(3)	35	.2
February	29	11	3	(3)	11	(3)	32	.1
March	33	11	2	1	9	(3)	36	.2
April	32	9	2	1	10	(3)	32	.2
May	23	10	4	1	11	(3)	25	.1
June	27	11	7	(1)	11	(3)	33	.1
Pork:								
1975								
May	934	345	34	22	324	10	957	4.5
June	889	324	31	30	284	11	919	4.4
July	817	284	38	31	230	8	870	4.1
August	794	230	26	31	186	13	820	3.9
September	901	186	33	26	190	11	893	4.2
October	936	190	39	24	222	11	908	4.3
November	904	222	37	31	269	5	858	4.0
December	995	269	36	33	249	7	1,011	4.8
1976								
January	953	249	48	23	236	7	984	4.6
February	850	236	30	32	222	9	853	4.0
March	1,092	222	38	50	248	5	1,049	4.9
April	1,003	248	36	31	267	7	982	4.6
May	879	267	35	47	270	5	859	4.0
June	899	270	37	(30)	240	(6)	930	4.4
Total Meat:								
1975								
May	2,873	715	145	33	653	35	3,012	14.3
June	2,832	653	179	40	588	46	2,990	14.1
July	2,842	588	195	40	516	26	3,043	14.4
August	2,860	516	197	44	463	39	3,027	14.3
September	3,088	463	207	37	463	42	3,216	15.2
October	3,339	463	178	35	514	40	3,391	16.0
November	2,978	514	221	46	611	29	3,027	14.2
December	3,159	611	147	45	622	28	3,222	15.2
1976								
January	3,266	622	232	37	608	27	3,448	16.3
February	2,907	608	154	45	605	39	2,980	14.0
March	3,514	605	229	67	661	22	3,598	16.9
April	3,111	661	209	46	688	32	3,215	15.1
May	2,924	688	225	63	697	21	3,056	14.3
June	3,150	697	246	(47)	667	(22)	3,357	15.8

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[1] Excludes production from farm slaughter. [2] Derived from estimates by months of population eating out of civilian food supplies. [3] Less than 500,000 lb.

Selected marketings, slaughter and stock statistics for meat animals and meat

Item	Unit	1975				1976					
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
FEDERALLY INSPECTED:											
Slaughter:											
Cattle	1,000 head	3,319	3,584	3,116	3,267	3,403	3,032	3,492	3,053	2,980	3,294
Steers	1,000 head	1,286	1,287	1,133	1,229	1,350	1,306	1,612	1,370	1,376	1,539
Heifers	1,000 head	948	993	815	834	969	899	1,074	911	848	909
Cows	1,000 head	991	1,198	1,081	1,123	1,009	760	731	697	680	761
Bulls and stags	1,000 head	94	105	87	82	75	67	75	75	76	85
Calves	1,000 head	385	443	357	381	369	327	415	353	304	340
Sheep and lambs	1,000 head	758	701	515	584	582	513	570	561	429	502
Hogs	1,000 head	5,217	5,379	5,085	5,508	5,400	4,873	6,325	5,827	5,086	5,146
Percentage sows	Percent	6	5	6	6	5	4	4	4	4	5
Average live weight per head											
Cattle	Pounds	987	997	1,000	1,008	1,020	1,026	1,034	1,031	1,035	1,030
Calves	Pounds	224	233	232	227	232	215	204	206	227	225
Sheep and lambs	Pounds	104	108	108	109	110	111	112	110	107	105
Hogs	Pounds	238	240	246	246	243	236	236	236	239	240
Average dressed weight											
Beef	Pounds	571	579	578	576	597	598	616	610	616	612
Veal	Pounds	132	130	130	126	130	123	116	117	129	129
Lamb and mutton	Pounds	51	52	53	54	56	56	56	54	52	51
Pork	Pounds	165	167	170	172	168	167	166	166	166	167
Lard	Pounds	14	14	16	15	16	13	14	14	15	14
Production:											
Beef	Mil. lb.	1,890	2,069	1,796	1,874	2,024	1,808	2,145	1,857	1,829	2,010
Veal	Mil. lb.	48	57	46	48	48	40	48	41	39	44
Lamb and mutton	Mil. lb.	38	36	27	31	32	28	32	30	22	26
Pork	Mil. lb.	861	896	864	943	906	811	1,049	963	842	860
Lard	Mil. lb.	72	75	81	81	84	64	87	82	78	74
COMMERCIAL:											
Slaughter:[1]											
Cattle	1,000 head	3,671	3,987	3,470	3,632	3,762	3,336	3,813	3,354	3,238	3,576
Calves	1,000 head	515	591	475	489	466	408	496	419	367	410
Sheep and lambs	1,000 head	785	732	536	607	601	528	587	590	448	524
Hogs	1,000 head	5,468	5,637	5,337	5,839	5,698	5,122	6,612	6,087	5,331	5,400
Production:											
Beef	Mil. lb.	2,065	2,270	1,970	2,056	2,207	1,966	2,318	2,017	1,966	2,161
Veal	Mil. lb.	82	95	76	76	73	62	71	59	56	63
Lamb and mutton	Mil. lb.	40	38	28	32	33	29	33	32	23	27
Pork	Mil. lb.	901	936	904	995	953	850	1,092	1,003	879	899
Lard	Mil. lb.	75	78	83	84	87	67	90	85	80	76
COLD STORAGE STOCKS FIRST OF MONTH:											
Beef	Mil. lb.	258	254	272	320	350	350	362	395	401	408
Veal	Mil. lb.	9	8	9	10	11	11	10	9	10	8
Lamb and mutton	Mil. lb.	10	11	11	12	12	11	11	9	10	11
Pork	Mil. lb.	186	190	222	269	249	236	222	248	267	270
Total meat and meat products[2]	Mil. lb.	518	518	571	668	675	672	677	727	752	765
FOREIGN TRADE:											
Imports: (carcass weight)											
Beef and veal	Mil. lb.	171	137	182	109	182	121	189	171	186	202
Pork	Mil. lb.	33	39	37	36	48	30	38	36	35	37
Lamb and mutton	Mil. lb.	3	2	2	2	2	3	2	2	4	7
Exports: (carcass weight)											
Beef and veal	Mil. lb.	3.04	5.29	7.74	7.62	7.21	7.42	8.09	7.00	7.13	8.47
Pork	Mil. lb.	18.99	17.14	19.36	22.25	17.06	26.43	38.30	22.00	36.57	23.47
Lamb and mutton	Mil. lb.	.28	.37	.27	.30	.24	.29	.38	.39	.31	.38
Live animal imports:											
Cattle	Number	25,861	41,724	82,096	133,704	90,507	52,135	69,417	78,492	99,061	79,168
Hogs	Number	4,506	4,629	3,186	2,566	2,221	1,911	3,776	4,637	4,927	5,090
Sheep and lambs	Number	737	866	790	74	932	153	91	0	6	50
Live animal exports:											
Cattle	Number	13,898	16,826	19,585	15,822	12,263	13,356	33,859	12,643	17,990	14,982
Hogs	Number	799	1,015	1,731	1,106	306	517	1,477	1,174	904	334
Sheep and lambs	Number	17,518	14,373	9,859	29,680	13,346	6,805	19,409	26,640	33,257	26,891

[1] Federally inspected and other commercial. [2] Includes stocks of canned meats in cooler in addition to the meats listed.

Selected price statistics for meat animals and meat

Item	1975			1976						
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July
	Dollars per 100 pounds									
SLAUGHTER STEERS:										
Omaha:										
Choice, 900-1100 lb.	47.90	45.23	45.01	41.18	38.80	36.14	43.12	40.62	40.52	37.92
Good, 900-1100 lb.	41.39	41.19	40.65	37.75	36.14	33.77	39.78	38.26	37.88	34.72
California, Choice 900-1100 lb.	45.58	45.56	47.25	41.06	39.62	37.75	45.69	41.94	42.92	39.25
Colorado, Choice 900-1100 lb.	47.79	45.58	45.81	41.22	38.87	35.35	44.74	40.97	41.40	37.84
Texas, Choice 900-1100 lb.	47.94	46.16	47.50	41.38	38.96	35.88	45.10	41.49	41.57	37.91
Cows:										
Omaha:										
Commercial	23.45	21.91	23.01	24.42	27.11	28.31	30.86	30.69	27.98	26.59
Utility	22.01	20.73	21.64	23.26	25.90	27.45	30.72	30.24	27.47	25.80
Cutter	18.70	18.30	19.47	20.89	23.62	25.09	27.58	27.60	24.93	23.82
Canner	15.66	15.54	16.95	18.45	20.25	21.80	24.31	24.95	22.76	22.18
Vealers, Choice, S. St. Paul	42.52	43.95	43.52	51.90	50.05	50.58	49.49	44.95	37.60	34.51
FEEDER STEERS:										
Kansas City:										
Choice, 400-500 lb.	36.04	36.26	35.94	37.47	41.40	44.01	47.01	47.58	44.81	40.64
Choice, 600-700 lb.	38.09	38.26	37.83	37.46	40.42	39.69	44.62	44.21	42.83	39.18
Good, 600-700 lb.	33.10	32.14	31.50	31.45	35.92	36.28	40.81	41.05	38.39	35.26
All weights and grades	36.74	36.77	37.79	36.66	36.95	38.82	43.49	42.38	40.24	37.58
Amarillo:										
Choice, 600-700 lb.	36.15	37.75	39.40	37.67	40.40	39.24	44.29	42.25	41.37	39.04
Good, 600-700 lb.	30.08	30.88	31.19	28.38	33.27	31.16	—	—	—	—
Georgia Auctions:										
Choice, 600-700 lb.	30.65	32.00	34.17	33.00	35.75	36.15	39.75	38.75	37.70	35.00
Good, 400-500 lb.	24.25	25.94	27.67	27.75	31.19	32.90	36.75	35.50	34.90	31.50
SLAUGHTER HOGS:										
Barrows and Gilts:										
Omaha:										
Nos. 1 & 2, 200-220 lb.	59.72	51.68	50.28	50.34	49.70	47.23	48.87	49.78	51.93	48.92
Nos. 1 & 2, 220-240 lb.	59.77	51.63	50.20	50.24	49.68	47.23	48.86	49.78	51.91	48.96
All weights	58.20	49.50	47.46	47.81	48.43	46.40	47.48	48.50	50.32	47.66
Sioux City	58.76	49.78	48.36	48.06	48.92	46.50	48.06	48.96	50.91	48.31
7 markets[1]	58.52	49.74	48.33	48.40	48.85	46.71	47.89	48.89	50.80	48.26
Sows:										
7 markets[1]	51.94	42.25	38.50	40.48	44.03	42.24	42.88	43.20	43.21	40.83
FEEDER PIGS:										
Nos. 1 & 2, So. Mo., 40-50 lb. (per hd.)	56.55	48.94	44.19	48.38	50.16	48.80	51.28	44.57	38.85	30.45
SHEEP AND LAMBS:										
Slaughter:										
Lambs, Choice, San Angelo	44.50	46.83	48.75	49.25	49.00	56.25	62.95	62.12	50.81	47.81
Lambs, Choice, So. St. Paul	43.14	43.58	46.19	46.94	46.56	50.92	55.77	64.75	50.01	46.02
Ewes, Good, San Angelo	12.35	14.83	17.44	17.75	16.12	18.90	18.44	19.75	17.56	19.44
Ewes, Good, So. St. Paul	8.93	8.00	9.46	12.20	12.50	12.81	13.42	13.12	13.65	13.88
Feeder Lambs:										
Choice, San Angelo	42.62	46.33	48.38	48.38	49.69	56.30	62.71	59.56	48.56	49.38
Choice, So. St. Paul	41.70	43.58	46.11	47.18	46.00	50.21	52.39	53.72	45.80	44.14
FARM PRICES:										
Beef cattle:	33.40	32.30	33.50	33.50	34.20	33.60	37.90	36.90	36.30	33.50
Calves	26.60	28.30	30.00	31.40	34.40	35.30	38.00	38.80	37.90	35.20
Hogs	58.30	49.10	47.50	47.50	47.90	45.50	47.00	47.50	49.10	47.70
Sheep	10.80	10.80	11.80	12.20	12.50	13.40	15.00	14.50	12.60	13.00
Lambs	42.60	44.20	46.30	47.70	46.80	49.70	54.60	60.30	51.00	46.90
MEAT PRICES:										
Wholesale:										
Midwest Markets:[2]										
Steer beef, Choice, 600-700 lb.	75.62	72.98	73.25	66.68	62.22	56.97	65.85	63.56	62.45	58.20
Heifer beef, Choice, 500-600 lb.	73.66	71.79	70.69	64.68	60.29	56.01	64.44	62.89	61.68	57.66
Cow beef, Canner and Cutter	44.10	43.40	44.61	49.12	53.25	56.44	60.48	59.12	54.88	53.48
Pork loins, 8-14 lb.	109.22	99.12	90.46	97.80	95.36	85.25	87.60	94.67	97.88	97.40
Pork bellies, 12-14 lb.	91.44	78.32	69.13	75.06	67.37	67.48	73.62	73.04	79.16	74.10
Hams, skinned, 14-17 lb.	105.70	101.04	101.81	83.43	80.68	85.48	84.19	82.86	81.76	77.32
East Coast:										
Steer beef, Choice 600-700 lb.	79.09	78.38	75.69	69.98	65.14	60.04	69.28	66.72	65.61	61.15
Lamb, Choice and Prime, 35-45 lb.	95.40	99.38	102.34	102.81	102.62	107.57	120.69	126.81	108.62	100.67
Lamb, Choice and Prime, 55-65 lb.	95.20	98.19	99.48	98.00	98.33	104.39	121.00	125.69	106.05	99.25
West Coast:										
Steer Beef, Choice, 600-700 lb.	79.63	75.45	77.61	71.84	66.22	61.33	72.08	67.42	67.92	62.96
Retail:										
Beef, Choice	152.4	151.2	150.6	148.6	142.7	135.1	142.0	141.7	140.8	
Veal	176.8	176.7	177.4	177.4	173.7	173.2	171.5	173.6	176.8	
Pork	158.7	154.0	147.5	144.2	141.6	138.7	136.6	138.6	140.4	
Lamb	175.0	176.5	177.0	178.3	178.1	181.4	183.4	188.2	193.1	
Price Indexes (BLS, 1967=100)										
Wholesale meat	209.1	198.3	196.0	190.4	180.3	171.7	183.5	182.8	182.0	
Retail meat	194.3	192.4	189.8	186.8	182.8	179.6	176.6	180.5	181.6	
Beef and veal	178.3	175.3	174.7	174.9	168.3	164.7	160.8	166.9	166.5	
Pork	230.9	227.5	219.6	210.1	205.4	204.3	200.0	201.9	205.0	
Other meats	178.3	180.7	181.2	180.3	178.8	177.7	178.4	180.2	181.9	
LIVESTOCK-FEED RATIOS, OMAHA[3]										
Beef steer-corn	17.4	17.7	17.6	16.0	14.9	13.8	16.6	14.8	14.2	13.4
Hog-corn	21.2	19.4	18.5	18.6	18.6	17.7	18.3	17.7	17.6	16.9

[1] St. Louis N.S.Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. [2] Prior to Oct., 1975, Chicago Market. [3] Bushels of No. 2 Yellow Corn equivalent in value of 100 pounds liveweight.

ESTIMATED PRODUCTION AND EXPENSES FOR BEEF COW-CALF ENTERPRISES IN FIVE REGIONS OF THE U.S.

by
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ABSTRACT: Detailed cost of production estimates for "typical" beef cow-calf enterprises in five regions of the United States are presented for 1974 and 1975. The cost estimates are identified and grouped so that estimates of the selling price of feeder cattle needed to cover various categories of cost can be computed. Plans are to update them periodically.

KEYWORDS: Cow-calf enterprise, production costs, cattle raising, enterprise budgets.

Introduction

Beef calves are produced on many different types and sizes of cow-calf operations representing numerous levels of management and production practices in all parts of the United States. These operations are too numerous to permit preparation of cost and returns budgets that would adequately represent all of them. Instead, production and expenses were estimated for one common or "typical" cow-calf enterprise in each of five regions of the United States. The estimates presented in this article are not meant to duplicate or exactly portray all cow-calf operations in the United States or all cow-calf operations in the regions selected. These estimates show the composition of the enterprises, the cost of all inputs, and how these factors differ among major cattle raising regions and through time. Through annual updates of these production and cost estimates, changes in cost, both for selected items and for total costs, can be monitored.

Regions Selected and Enterprise Size

The regions selected, and the size of enterprise chosen for each region, are indicative of the diversity of situations in which beef calves are produced in the United States. A brief description of each region and of the selected cow-calf enterprise is presented to provide a better understanding of the production and cost estimates given.

Western Corn Belt

This region includes most of Iowa plus northwest and west central Illinois. It has highly productive prairie soils most of which are suitable for row crops. A 50-cow herd on a farm where most of the land is in corn and soybeans is typical. The feeding system consists of summer pasture, corn stalks in the fall, and mixed hay during winter. Supplemental protein is fed during the fall and winter. Calving occurs during the spring and calves are sold in late fall.

Southeast (Southern Piedmont)

The Piedmont areas of Alabama, Georgia, South Carolina, and North Carolina are included in this region. A 50-cow herd found on farms that have corn, small grains, and soybeans is typical. A high

NOTE: Plans are to periodically revise and update the production and cost estimates presented in this article as new data becomes available. A survey of livestock producers was made earlier this year but the results are not yet available. Data from this survey and from other sources will be used to revise and update these estimates as new data become available.

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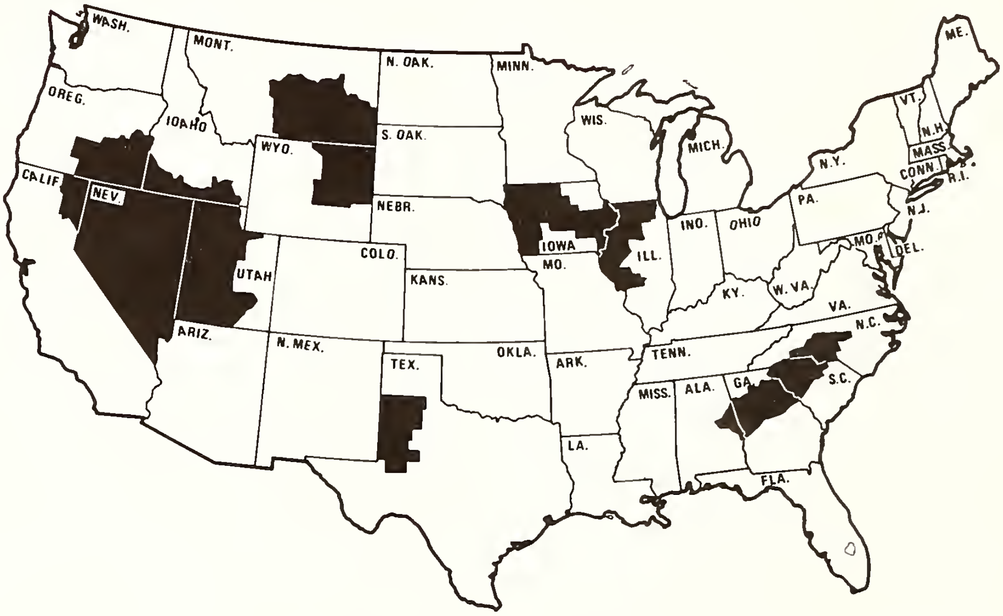
[1] Estimates for the cow-calf enterprises presented here were prepared by Roy Van Arsdall, CED, ERS, Urbana, Illinois; Henry Gilliam, CED, ERS, Raleigh, North Carolina; Kerry Gee, CED, ERS, Ft. Collins, Colorado; Cal Boykin, CED, ERS, College Station, Texas; and Jack Trierweiler, CED, ERS, Corvallis, Oregon.

COW-CALF PRODUCTION REGIONS REPRESENTED BY BUDGETS



percentage of the land, however, is in woods and pasture. Grazing from perennial pastures of fescue and coastal bermudagrass is the primary source of feed. During periods of surplus pasture growth, some of the pasture forage is cut for hay which is fed during the winter. Crop residue is used during the fall and supplemental protein is fed during the winter. Calving occurs during the winter and calves are sold in early fall.

Northern Plains

This region encompasses the southeastern quarter of Montana and part of eastern Wyoming. The soils of this region are relatively unfavorable for crop production. The typical beef-cow enterprise consisting of 150 cows is commonly found on ranches where a high percentage of the land is in native grasses and shrubs. Some ranches have small areas of irrigated meadow land. Grazing from land owned by the Federal Government is available to some ranches. Typically, cattle graze on public land during the summer and on privately owned land the rest of the year. Grass hay supplemented with protein is fed during the winter. Calving occurs during the spring and calve are sold in the fall.

Southwest High Plains (Texas)

This is a region where most of the land is in cattle ranches. The typical enterprise has 300 cows grazing year-round on privately owned range. No crops are grown. Supplemental feeding of concentrates and hay occurs during winter and sometimes during extended droughts. Calving occurs during the winter and calves are sold during late fall.

Intermountain Area

This region includes Nevada, western Utah, southern Idaho, southeastern Oregon, and a small area along the eastern California border. Much of the land is owned by the Federal Government. Low precipitation and forest vegetation consisting of desert shrubs at the lower elevations and native grasses, sage brush, and timber at the higher elevations make range livestock the primary agricultural enterprise. The typical beef herd contains 300 cows. They use private range and aftermath hayland for about 3 months and public ranges for about 5 months. Hay and supplemental protein are fed during winter. Calving occurs during the spring with calves being sold during late fall.

Structure and Bases of Estimates

To permit direct comparisons among the cow-calf enterprises, which vary greatly in size from region to region, estimates are presented on the basis of a cow unit, consisting of 1.0 mature cows and bred heifers plus typically associated fractions of herd bulls and unbred heifers intended for herd replacements. The estimates of livestock investment, costs, and production apply to the one-cow unit. All estimates, however, reflect those for a herd of the size indicated for each region.

The estimates include both physical quantities and dollar values. They are presented in blocks ranging from variable inputs, most of which reflect cash outlays, through fixed or overhead charges, a charge for land, and an allowance for management. This allows change in production systems, facilitates price updates, and permits users of the data to delete any item not relevant to a given decisionmaking situation. For example, the estimates could be adjusted for a feeding program in which leased grazing is used instead of grazing from land owned by the producer by substituting the applicable lease fee for the combined costs of pasture, public grazing, crop residue, real estate taxes, and other land costs.

Cost and production estimates are presented for 1974 and for 1975. Costs were estimated in detail for 1974 using the latest data available. Inputs and prices used reflect regional differences that existed for cow-calf producers in each region. Appropriate indexes were used to update these estimates to 1975. Some of the indexes used were selected from the prices paid indexes published in *Agricultural Prices*, while others were computed from other published sources.

Returns are not computed since it is the intention to allow use of these data to estimate what prices for feeder cattle would have to be to cover part or all of the costs associated with the enterprise. Also, no allowances were made for any increases in net worth resulting from appreciation in the value of land used by the enterprise. The estimated value of cull cows that are sold was deducted from the cost estimates to determine what the selling price of calves alone would have to be to cover costs.

Livestock Investment

Investments in livestock are estimated as of January 1 of each year. They reflect regional differences in beef breeding stock values and differences in the composition of breeding herds. The per cow-unit number of replacement heifers under one year of age ranges from .15 in the Southwest High Plains to .23 in the Intermountain area reflecting different culling rates in each region. Intermountain area ranches also have .23 replacement heifers over one year of age for each cow unit because heifers are usually not bred until they are about 2 years old compared to a 15-month breeding age in other regions. Replacement heifers are commonly selected from the herd calf-crop in all regions. The number of bulls per cow unit ranges from .04 in three of the regions to .06 in the Intermountain area.

Variable Expenses

Two categories of variable expenses are considered separately—feed costs and nonfeed costs.

Feed Costs

Estimates were made of the nutritional requirements of animals in each herd during various phases of the production cycle. Requirements differ by regions because of differences in weights of animals, number of replacements, environment, and management systems. Estimates were also made of the quantity of nutrients that would be derived from the different types of feed typically used in each region.

Feeds are charged at market price if they are commonly purchased items such as protein supplement, salt, minerals, and leased grazing on public land. Cost of production, including such inputs as seed, fertilizer, machinery, and labor—but excluding charges for land, fencing, and water supply which are included in separate categories of cost—is used for pricing feeds not commonly bought and sold. This includes all pasture and hay produced on privately-owned land except in the Southwest High Plains where hay is commonly purchased.

Feed costs per cow unit are affected by regional differences in both amount and unit price of purchased items. For example, supplemental protein ranges from 40 pounds per cow unit in the Intermountain area where legumes comprise a considerable part of the pasture and hay, to 224 pounds in the Southwest High Plains where winter range is supplemented with cottonseed cake. Grazing on public land cost $1.00 per animal month in 1974 and $1.10 per animal month in 1975 in regions where it was used. The cost of salt and minerals reflect differences in both price and mixtures fed.

Even greater differences in feed costs among regions result from differences in cost of producing forages for cattle. The heavy rate of pasture fertilization used by farmers in the Southeast, coupled with price increases for fertilizer, has contributed to the high cost of pasture production in that region. Pastures in the Corn Belt, where native soil fertility is greater, typically receive lower rates of fertilization and more extensive use is made of crop residue at no cost (other than fencing and supplying livestock water), hence pasture costs are considerably lower in the Corn Belt. Pastures (or ranges) in other regions receive little or no treatment, hence their cost of production is much lower. Virtually all of their expense appears as a land charge.

Nonfeed Costs

Some variation between regions occurs in the veterinary and medicine expenses. Farmers with small herds are often not capable of treating many of the ailments of cattle and the services of a professional veterinarian are needed. On the larger more specialized operations the operator or one of the employees usually performs many of these services. The size of the operation also affects the unit cost of services and supplies.

Hauling and marketing practices differ substantially by region. In some regions, for example the Southwest High Plains, most of the cattle are sold at the ranch and no hauling or selling costs are incurred. In other regions, the animals must be hauled to market and in many instances a selling commission paid. The distance these animals have to be hauled also contributes to variation in cost.

Variable expenses associated with machinery, equipment, and other facilities include repairs, fuel, oil, and grease for work directly with cattle. They do not include tractor and machinery costs associated with and included in the cost of producing the pastures and hay. The cost differences among regions reflect differences in mechanization, housing, and production practices.

Labor required per cow unit varies from 5.25 hours in the Intermountain area to 10.21 hours in the Southwest High Plains. Size of herd and type of operations performed are among factors determining the labor input. A charge for labor is entered even though it might more appropriately be called an "allowance" for labor, particularly in the Corn Belt and Southeast. In these two regions beef cows are usually a supplementary enterprise which utilizes labor that might not otherwise be used.

A charge for interest on operating capital was also made. This varies directly with the amount of variable costs incurred by the enterprise.

General farm overhead expenses were charged at the rate of 5 percent of all other variable expenses. This charge covers such items as bookkeeping supplies, telephone services, and membership fees.

Ownership Expenses

Ownership expenses (depreciation, interest, and taxes) vary by region and reflect the type of operation being represented. Almost all of the livestock ownership expenses are interest on investment in the breeding herd. A depreciation charge for bulls make up the remainder of this cost. This item of cost varies from year to year with changes in the value of the breeding herd and interest rate.

Ownership expenses for machinery, e.g., tractors and manure spreaders, and for other equipment and fencing, e.g., feed troughs and pasture fencing, tend to be higher in the more humid eastern regions than in the drier western regions where the operations are much larger.

Two factors are major contributors to these higher costs in the eastern regions. First, the operations in the East are smaller and their per unit ownership expenses are higher. Second, the eastern farms tend to have more barns, fencing, feed troughs, and other buildings than the western operations.

The basis for computing ownership expenses for machinery, equipment, and fencing is explained here because of its influence on costs. All investments reflect replacement cost at either 1974 or 1975 prices. This gives annual ownership expenses that would be faced by a new entrant into the cow-calf business following existing typical practices. Those who are already in the business, particularly those who have been in the business for several years, could have annual machinery and other equipment ownership costs less than those presented here. On the other hand, those with assets purchased at an earlier date and at lower cost must at some time consider the newer and higher replacement costs that generally prevail and figure annual ownership expenses on this basis for any replacements. In this sense, depreciation charges are really a replacement charge.

The ownership expenses for equipment and fencing reflect assets now in use. They have essentially zero cost for decisionmaking purposes as they represent sunk capital for which there is little or no use other than cattle raising. It is unlikely that such facilities would be reproduced at current prices by someone entering the beef cattle business. The composition of items making up the ownership expenses will change through time as dictated by costs and returns. Such considerations must be examined when trying to determine why beef cattle producers continue to produce calves when it appears that they are not covering expenses.

Real estate taxes are an ownership expense charged on land that is used to support the cow herd. Taxes reflect the value of land in each region and the tax rate that is charged. Note, however, that real estate taxes are not charged for public grazing land or for land from which crop residue is grazed.

Land and Management

In these cost estimates a charge is made for interest on investment in the land from which hay or pasture (excluding crop residue) was charged to cattle at cost of production. The basis for this charge is the current value of land in each region. This is only an opportunity cost to the present owner, but it is a real cost to the prospective producer. The acres of land required per cow unit and the per-acre value of land varies by region. The estimated investment in land per cow unit at current values is $1,140, $1,215, $1,356, $3,363, and $575 for 1974 and $1,410, $1,372, $1,573, $3,383, and $575 for 1975 in the Corn Belt, Southeast, Northern Plains, Southwest High Plains, and Intermountain area, respectively. The wide variation in privately-owned land required per cow unit and the use of public land in some regions contributes to this wide variation in land investment per cow unit.

A charge or allowance is made for management. It is computed at the rate of 2 percent of all other costs. Therefore, management charge differences among regions are in direct proportion to other cost differences.

Production

The number and weight of different classes of cattle sold from each typical enterprise are presented on a cow unit basis. This production is largely determined by calving percentages, death loss, replacement rate, breed, age at which calves are sold, environmental conditions, nutrition, and management practices.

Selling Prices Required to Cover Expenses

Returns were not estimated for these cow-calf enterprises. Instead, the average selling price for feeder calves that would be required to cover various levels of expenses was computed. Cull cows sold were valued at prices prevailing at the time of sale. This value was subtracted from cost to obtain the feeder calf selling prices required to cover cost.

The selling price required to cover various levels of cost varied greatly among regions in both 1974 and 1975, especially the price needed to cover variable costs. Many factors contribute to these differences, several of which have already been discussed. Most significant is that the selling price of feeder calves required to cover variable expenses in some regions is above prices received for calves in either 1974 or 1975. The Kansas City average price per hundredweight of 400- to 500-pound Choice and Good steers was $38.40 in 1974. Heifers of the same weight and grade brought $33.58. The average price in 1975 was $29.90 for steers and $23.48 for heifers.

Why do producers continue to produce beef calves when they are not covering expenses? In the short run, producers must cover only their variable costs to be able to stay in production. Their other inputs represent sunk capital and are outside producers' control regardless of how high they may be. Thus, these cost estimates indicate relatively great rigidity in production in the Northern Plains and Southwest High Plains where variable costs are in the $13 to $19 range per 100 pounds of feeder calf. Adjustments can be expected quickly in the Southeast with variable costs at the $56 level.

As time passes and facilities wear out and require replacements, the planning horizon lengthens bringing more and more of the costs into the variable category, that is, under producer control. Eventually, all costs are variable. In this long run situation the position of the regions switches dramatically. While the Southwest High Plains rancher now in business has the lowest variable cost viewed on a year-to-year basis, he would have the highest cost were a new entrant considering buying a cattle raising business in that region—a situation where all costs are variable. This distribution, as well as the level of costs among regions, reveals much about the probable production response to changes in cattle prices.

Feeder calf producers have been caught in a price-cost squeeze and several have reduced or liquidated their beef cow herds. There are explanations of why the large majority of producers remain in business in the short run, even when they are not covering the level of variable expenses shown. One explanation is that some of the costs listed as variable expenses do not represent actual cash outlays.

For example, the labor charge, particularly for the Corn Belt and Southeast, could probably more appropriately be called an allowance for labor. This is because the cow herd is usually a supplementary enterprise on a crop-livestock farm. Crops support the farm and the beef enterprise uses only labor that might otherwise go unused. Subtracting labor cost would reduce the cost per hundredweight by more than $7 in the Corn Belt and by more than $4 in the Southeast.

This same kind of analogy may be true for the other regions, but it is likely that the beef cow-calf enterprise in these regions is more of a full-time job and that there are not other enterprises to support the ranch.

There are other costs that may not require annual cash outlays of the amount shown. When fertilizer costs rise sharply, producers may simply reduce rates of fertilization for a short time. Charges for interest on operating capital may be noncash and general farm overhead costs may be relatively unaffected by cattle.

Ownership charges are based on the use of equipment and facilities currently being used and priced at 1974 and 1975 replacement prices. Therefore, ownership expenses for machinery, equipment, and facilities for many producers could be less than those shown. In any case, the level of production does not affect these costs in an ongoing operation.

Inclusion of a land and management charge raises the cost per hundredweight to very high levels. The land charge is quite relevant to persons purchasing land for cattle raising and it will affect supply response in the longer term. Many present beef cow-calf producers have their land paid for and/or use part of the land on their farm for other uses. To these producers, the land charge is an accounting charge and does not represent an "actual" cost to the producer.

Current land values and interest rates were used to impute a charge for land. Therefore, these land values represent appreciated land values to a large number of the cow-calf producers. For these producers the increase in net worth over the years may in fact be substantial and change their cost structure. If their costs were computed on their original investment in land, their total cost could be considerably lower than those presented.

The management charge is also an accounting charge and does not represent a cash outlay by the producer.

Summary and Conclusions

The cost of producing beef calves varies significantly by region. More importantly, the composition of costs differ greatly among regions, bringing producers under different pressure as costs and prices change. The variable cost estimates reflect the adjustment situation on a year-to-year basis for producers already in business. The total cost estimates show the situation facing a new entrant into the business who is having to buy land, equipment, and facilities. Inputs have been identified and quantified so that adjustments can be made as management systems change and costs can be indexed to current levels as cost rates change. This will be done periodically to keep a current picture of the cost of cattle raising.

Regional differences of the magnitude presented here may continue for an extended period if beef production represents the best, or only, economic use of resources in regions with relatively high production costs. It may be, for example, that regions where costs are lowest are already producing at near their capacity. If this is tue, then there could not be a shift of production toward the lower cost regions. Lowest cost production is not sufficient to achieve increased production. If all costs can be covered, even relatively high-cost regions will continue production of feeder calves if that is the most profitable use of resources available; e.g., range land with few alternative economic uses.

There must, however, be some adjustments made rather soon in regions where variable costs exceed the selling price. Regions where variable costs are a higher percentage of total costs can be expected to respond by decreasing production much quicker than other regions.

The long range picture is not bright for one interested in devoting all new resources wholly to beef production. There will either have to be much higher prices for feeder calves or ways will have to be found to substantially cut production costs.

Table 1—Estimated livestock investment, expenses, and production per cow for a beef cow-calf enterprise in 5 regions of the U.S., 1974

Item	Unit	50 cow herd Corn Belt		50 cow herd Southeast		150 cow herd Northern Plains		300 cow herd Southwest High Plains		300 cow herd Intermountain Area	
		Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit
Livestock Investment											
Brood cows and helfers	HEAD	1.00	390	1.00	440	1.00	375	1.00	410	1.00	355
Replacement helfers, 1-2 yrs.	HEAD	---	---	---	---	---	---	---	---	.23	275
Replacement helfers, under 1 yr.	HEAD	.20	225	.16	225	.16	225	.15	260	.23	190
Bulls	HEAD	.04	510	.04	585	.04	480	.05	565	.06	465
Total livestock investment per breeding unit	---	---	455	---	499	---	430	---	447	---	490
		Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow
Variable Expenses											
Pasture	CWT. TDN	24.80	28.89	38.27	96.52	14.70	0.00	43.14	0.00	6.63	6.93
Public grazing	AM	---	---	---	---	4.72	4.72	---	---	6.72	6.72
Crop residue	CWT. TDN	7.29	0.00	3.17	0.00	1.50	0.00	---	---	4.37	0.00
Hay	TON	1.66	56.72	.83	35.61	1.20	22.78	.05	4.31	1.62	45.03
Protein supplement	CWT.	.50	4.80	.50	5.50	.75	5.77	2.24	20.45	.40	4.40
Salt and minerals	CWT.	.20	1.18	.26	1.52	.36	.90	.65	1.80	.36	2.05
Veterinary and medicine	---	---	2.20	---	2.00	---	1.70	---	1.95	---	1.67
Hauling livestock and marketing fees	---	---	6.88	---	5.40	---	5.30	---	.51	---	3.59
Machinery, equipment & facilities	---	---	12.15	---	9.70	---	2.44	---	6.57	---	8.45
Labor	HR.	10.00	24.10	7.21	13.34	9.16	21.52	10.21	19.91	5.25	13.17
Miscellaneous expenses	---	---	---	---	---	---	2.60	---	---	---	---
Interest on operating capital	DOL.	72.95	6.64	75.12	6.99	35.12	3.30	33.73	3.17	34.57	3.25
General farm overhead	---	---	6.85	---	8.48	---	3.39	---	2.78	---	4.60
Total variable expenses	---	---	150.41	---	185.06	---	74.42	---	61.45	---	99.86
Ownership Expenses											
Livestock	---	---	43.06	---	53.35	---	42.22	---	49.36	---	52.95
Machinery	---	---	6.37	---	4.32	---	2.19	---	3.15	---	5.43
Other equipment and fencing	---	---	31.77	---	37.16	---	24.42	---	29.08	---	19.57
Real estate taxes	---	---	11.40	---	6.29	---	11.85	---	18.46	---	3.67
Total ownership expenses	---	---	92.60	---	101.12	---	80.68	---	100.05	---	81.62
Land[a]	ACRE	3.00	92.68	2.70	98.78	19.11	110.22	29.76	273.40	4.40	46.75
Management	---	---	6.71	---	7.70	---	5.31	---	8.70	---	4.56
Total all expenses	---	---	342.40	---	392.66	---	270.63	---	443.60	---	232.79
		Units per cow	Average weight	Units per cow	Average weight	Units per cow	Average weight	Units per cow	Average weight	Units per cow	Average weight
		Head	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*
Production											
Steer calves		.42	500	.40	470	.41	420	.43	475	.35	380
Helfer calves		.22	450	.26	450	.27	390	.28	460	.12	350
Cull replacement heifers		.04	850	.02	850	.01	680	.01	650	.08	670
Cull cows		.14	1,000	.12	1,000	.13	950	.12	900	.11	900
Average selling price for cwt. to cover:[bc]											
Variable expenses			33.91		44.34		16.87		12.63		33.25
All expenses except land management			60.91		75.74		45.24		42.06		68.95
Allexpenses (Including an Imputed charge for land and management)			89.88		108.81		85.88		125.03		91.40

[a] Does not include public grazing land nor land from which crop residue is grazed. [b] With credit for cull cows of: $34.10 in the Corn Belt; $42.30 in the Southeast; $26.47 in the Northern Plains; $18.50 in the Southwest High Plains and $23.85 in the Intermountain area. [c] The Kansas City average price per hundredweight of 400 to 500 pound Choice and Good steers was $38.40 in 1974. Helfers of the same weight and grade brought $33.58.

Table 2—Estimated livestock investment, expenses, and production per cow for a beef cow-calf enterprise in 5 regions of the U.S., 1975

Item	Unit	50 cow herd Corn Belt		50 cow herd Southeast		150 cow herd Northern Plains		300 cow herd Southwest High Plains		300 cow herd Intermountain Area	
		Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit	Number of units	Value per unit
Livestock Investment											
Brood cows and heifers	HEAD	1.00	185	1.00	210	1.00	195	1.00	180	1.00	210
Replacement heifers, 1-2 yrs.	HEAD	---	---	---	---	---	---	---	---	.23	165
Replacement heifers, under 1 yr.	HEAD	.20	100	.16	100	.16	100	.15	110	.23	75
Bulls	HEAD	.04	240	.04	280	.04	250	.05	250	.06	315
Total livestock investment per breeding unit		---	215	---	237	---	221	---	209	---	284
		Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow	Units per cow	Dollars per cow
Variable Expenses											
Pasture	CWT. TDN	24.80	31.53	38.27	105.11	14.70	0.00	43.14	0.00	6.63	7.56
Public grazing	AM	---	---	---	---	4.72	5.19	---	---	6.72	7.39
Crop residue	CWT. TDN	7.29	0.00	3.17	0.00	1.50	0.00	---	---	4.37	0.00
Hay	TON	1.66	61.25	.83	38.46	1.20	24.60	.05	4.65	1.62	48.63
Protein supplement	CWT.	.50	4.70	.50	5.39	.75	5.66	2.24	20.05	.40	4.31
Salt and minerals	CWT.	.20	1.34	.26	1.72	.36	1.02	.65	2.04	.36	2.32
Veterinary and medicine		---	2.40	---	2.18	---	1.80	---	2.13	---	1.82
Hauling livestock and marketing fees		---	7.38	---	5.85	---	5.70	---	.55	---	3.84
Machinery, equipment and facilities		---	13.93	---	10.79	---	2.82	---	7.56	---	10.05
Labor	HR.	10.00	26.50	7.21	14.71	9.16	23.72	10.21	21.96	5.25	14.48
Miscellaneous expense		---	---	---	---	---	2.85	---	---	---	---
Interest on operating capital	DOL.	79.27	7.21	81.40	7.41	37.83	3.44	35.29	3.21	37.79	3.44
General farm overhead		---	7.45	---	9.21	---	3.67	---	2.95	---	5.02
Total variable expenses	---	---	163.69	---	200.83	---	80.47	---	65.10	---	108.86
Ownership Expenses											
Livestock	---	---	20.48	---	25.07	---	20.98	---	19.41	---	29.80
Machinery	---	---	7.44	---	4.29	---	2.55	---	3.73	---	6.35
Other equipment and fencing	---	---	36.19	---	42.00	---	27.42	---	32.64	---	21.98
Real estate taxes	---	---	11.15	---	7.00	---	12.42	---	19.64	---	3.67
Total ownership expenses	---	---	75.26	---	78.36	---	63.37	---	75.42	---	61.80
Land[a]	ACRE	3.00	122.67	2.70	119.33	19.11	136.81	29.76	295.16	4.40	50.02
Management	---	---	7.23	---	7.97	---	5.61	---	8.71	---	4.41
Total all expenses	---	---	368.85	---	406.49	---	286.26	---	444.39	---	225.09
		Units per cow	Average per cow	Units per cow	Average per cow	Units per cow	Average per cow	Units per cow	Average per cow	Units per cow	Average per cow
		Head	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*	*Head*	*Pounds*
Production											
Steer calves		.42	500	.40	470	.41	420	.43	475	.35	380
Heifer calves		.22	450	.26	450	.27	390	.28	460	.12	350
Cull replacement heifers		.04	850	.02	850	.01	680	.01	650	.08	670
Cull cows		.14	1,000	.12	1,000	.13	950	.12	900	.11	900
Average selling price per cwt. to cover[bc]											
Variable expenses			39.03		55.94		18.99		12.74		37.66
All expenses except land and management			60.97		80.28		41.28		34.93		64.70
All expenses (including an imputed charge for land and management)			98.85		119.81		91.37		124.30		88.51

[a] Does not include public grazing land nor land from which crop residue is grazed. [b] With credit for cull cows of: $29.81 in the Corn Belt; $20.70 in the Southeast; $26.49 in the Northern Plains; $21.77 in the Southwest High Plains and $22.76 in the Intermountain area. [c] The Kansas City average price per hundredweight of 400 to 500 pound Choice and Good steers was $29.90 in 1975. Heifers of the same weight and grade brought $23.48.

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